



**EVALUATING CAPACITY DEVELOPMENT WITHIN THE ALCHEMY
COMMUNITY DEVELOPMENT TRUSTS TOWARDS ACHIEVING
FOUNDATION TASKS**

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A research report submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Science in Engineering.

Johannesburg, 2019

DECLARATION

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ABSTRACT

In 2011, Anglo American Platinum (AAP) launched a development initiative called Alchemy. Alchemy is the first social initiative launched by AAP that uses four Community Development Trusts (CDTs) and a Non-Profit Company to facilitate share ownership to develop and empower communities around its mining operations and the Labour Sending Areas. However, little is understood about the capacity needed to establish successful Trusts. To date, no evaluation has been conducted on how the trustees are navigating the Alchemy Foundation Phase against the mandate and tasks set out. This study aims to evaluate the capacity of four Alchemy CDTs to deliver on the first phase or “*Foundation*” tasks, as experienced by trustees.

A qualitative research technique was used to gather insights into the Trustees' experiences in the interest of delivering the Foundation tasks. Semi-structured in-depth interviews were conducted with nine Trustees. The Results-Oriented Approach to Capacity Change (ROACH) tool (Boesen and Therkildsen, 2005) was used to evaluate the Trusts' capacity.

There was evidence that the CDTs' capacity to deliver the Foundation tasks was supported by positive success factors. The enabling environment, both from a global and national perspective provided a conducive platform for the CDTs to be successful. The findings indicated significant capacity within the organisational set up of the Alchemy CDTs. The CDTs were fortunate to be supported up by a leading Platinum mining giant (AAP) which instituted robust legal frameworks and a well-researched structural design within Alchemy. The initiative appeared successful in attracting mature, highly skilled persons, some of whom have a history of working in development structures apart from Alchemy. The capacity was further strengthened by Trustees that found it rewarding to be involved with an initiative that aims to develop and empower underprivileged mine communities. The funding resources from AAP was acknowledged for sustaining the Alchemy Trusts' mandate.

However, capacity difficulties were experienced on matters related to the preparedness of CDTs to meet their development agenda. Evidence of this was seen in the weak system tools available to support the work of the CDTs (such as

monitoring tools, reporting tools, impact assessment tools, operational procedures and performance management tools). The induction training provided limited guidance on good development practices that were needed by Trustees as the CDTs embarked on their development mandate. It also appeared that the Founder senior management had limited understanding of the development complexities experienced by the CDTs and, the beneficiaries lacked knowledge of the CDTs' mandate, regulations, and governance procedures. As a result, these stakeholders had unrealistic expectations of the CDTs' focus areas and the pace of project implementation. These capacity difficulties contributed to a power imbalance between the CDTs and the Shareholding Trust. Also, the Founder easily imposed ideas on the CDTs - an approach that Trustees felt unable to challenge.

Further capacity hindrances were identified within the CDTs' organisational culture that was found not to be inclusive to women and youth. The lack of locally based resources or local offices needed to support community liaison was viewed as a capacity constraint. Capacity issues were also identified within the incentive paradigm, the rewards and recognition component for both Founder and Independent Trustees need to be reviewed.

This study concludes that while there was capacity within the CDTs in the Foundation Phase – there were considerable weaknesses which will hamper the next phase of Alchemy CDTs' effectiveness. This is because the next phase, termed the Consolidation Phase, introduces a new class of Trustees (community representatives) and focuses more on the implementation of the development agenda.

Therefore, this study makes the following key recommendations;

- At the start of the Consolidation Phase, development tools should be introduced and/or strengthened to include reporting tools, performance tracking and monitoring tools and impact assessment.
- The Consolidation Phase should be inaugurated by an in-depth induction training focusing on operational functions, role clarity, lessons learned from the Foundation Phase together with the legal and governance functions that will possibly be required by the less educated Community Trustees.

The induction training should extend broader to include the Founder senior management and beneficiaries.

- The introduction of Community Trustees will introduce a wealth of insights on the community dynamics. The CDTs should create an enabling environment to leverage the Community Trustees' rich community knowledge and to allow real influence on decision-making.
- The composition of the CDT boards both in the Foundation and in any future phases should be in compliance with the Deed. The inclusivity of women is an urgent priority. The inclusion of youth representatives should be considered.
- The skills and knowledge of the operational structure incumbents must be adequately matched to the CDT's tasks and key performance areas.
- The incentives for both Founder and Independent Trustees should be reviewed to encourage performance.
- In the Consolidation Phase, the Founder must be encouraged to step back in order to support the growing independence of the CDTs. The Founder must ensure comfort on the system tools that will track process and highlight when support is required.

ACKNOWLEDGEMENTS

This research paper was completed with assistance and guidance from various people. I, therefore, would like to give thanks and much appreciation to the following people:

The Anglo American Platinum Team who firstly endorsed this study and encouraged using Alchemy as a case study.

A big thanks to Alchemy Community Development Trusts, I acknowledge all the respondents who took their valuable time in sharing their experiences that advanced this study.

To my family and friends, I appreciate the love, support and encouragement.

Lastly, a special thanks to Nancy Coulson for providing knowledge and thought leadership throughout this research study.

ABBREVIATIONS

AAP	Anglo American Platinum
AGM(s)	Annual General Meeting(s)
BBBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CDT(s)	Community Development Trust(s)
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
FTFs	Foundations Trusts and Funds
HDSA	Historically Disadvantaged South Africans
IAP2	International Association for Public Participation 2
IDP	Integrated Development Plan
IFC	International Financial Corporation
LLRT	Lefa La Rona Trust
LSAs	Labour Sending Areas
Mining Charter	Broad-Based Black Socio-Economic Empowerment Charter for the Mining and Minerals Industry
MDG(s)	Millennium Development Goal(s)
MPRDA	Mineral and Petroleum Resources Development Act
NGO(s)	Non-Governmental Organisation(s)
NPC	Non-Profit Company
NW	North West
PBO(s)	Public Benefit Organisation(s)
PDIU	Project Development and Implementation Unit
PRO	Platinum Review Office
ROACH	Results-Oriented Approach to Capacity Change
SA	South Africa
SDGs	Sustainable Development Goal(s)
SLO	Social License to Operate
SLP(s)	Social and Labour Plan(s)
UN	United Nations
UNDP	United Nations Development Programme
WG(s)	Working Group(s)

DEFINITIONS

Beneficiaries	Beneficiaries define residents of host communities residing within the 15-kilometre radius of the respective Anglo American Platinum operations (Mogalakwena mine, Amandelbult mine, Rustenburg operations and Twickenham mine).
Capacity Development	Capacity Development refers to approaches, strategies and methodologies applied to improve the performance of individuals and/or organisations.
Community Development Trust	An organisation established to uplift socio-economic livelihoods of underprivileged communities.
Foundation Phase	The period commencing on the effective date of Trust registration and ending on the day on which the initial Community Trustees assumes office.
Founder	Anglo American Platinum.
Founder Trustees	Trustees who are representatives of the Founder in the board of Trusts, appointed by the Founder to administer and control the Trust funds for the benefit of the beneficiaries.
Independent Trustees	Trustees that are impartial from the Founder, shareholding Trust and the beneficiaries.
Shareholding Trust	The Trusts that holds 2.3% ordinary shares in Anglo American Platinum on behalf of four Community Development Trusts and a Non-Profit Company. This Trust acts as a conduit between Anglo American Platinum and the Community Development Trusts.
Shareholding Trustees	Trustees that sit on the Shareholding Trusts board.
Trust	An organisation that is established for funding, developing, implementing and administering the mandate as set out in the Trust deed.
Trust Deed	A legal document establishing a Trust.
Working Groups	Committees that are established in each CDT area to ensure that the Deed is custom fit to suit the specific location. The group comprises beneficiary members.

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CHAPTER 1:

1.1 INTRODUCTION

The mining industry's contribution to the sustainable development agenda has evolved significantly throughout the years (Labonne, 1999). For decades, mining companies extracted mineral resources without care for the environment and society. Recently, we observe how influences from development institutions such as the United Nations (UN), the effects of globalisation, dynamics within mining stakeholder groups and the mining legislative frameworks have shaped and transformed how the industry views and drives development (Hamann, 2003). This paradigm shift has led to the introduction of various Corporate Social Responsibility (CSR) initiatives within the sector (Kemp and Owen, 2013).

The urge for development is also exacerbated by the social realities mining companies find themselves in. Many mining companies operate in remote areas where government institutions may be absent or weak or lacking capacity. The local social realities for mining companies, such as Anglo American Platinum (AAP), remain that of poverty, inequality, skills shortage, infrastructure shortages, high unemployment and high expectations for benefit-sharing (Anglo American Platinum Limited, 2016:18; Lane et al., 2015:476; Mzembe and Downs, 2014:226). As such, communities in most mining areas express heightened expectations for employment and economic development (Wall and Pelon, 2011). These challenges manifest across all AAP operations (Rustenburg process operations, Amandelbult mine, Twickenham and Mogalakwena mine).

The above context motivated AAP to seek a mechanism that had the potential to promote long-term development for local communities around its operations. In 2011, AAP concluded a R3.5 billion transaction to extend equity ownership (2.3% ordinary shares) through Community Development Trusts (CDTs) to communities around its operations. The initiative also contributes to development in Labour Sending Areas (LSAs) - Eastern Cape, Lesotho, Mozambique, Taung through a Non-Profit Company (NPC) (Hart, 2015a). This initiative is called Alchemy. At the '3rd International Conference on Social Responsibility in mining – Sr mining 2015' held in Chile between the 4th to 6th November, Hart (2015b:5) remarked that *'the*

name symbolizes the transformation of a buried resource of no value to communities to one that supports development and community sustainability'.

1.2 BACKGROUND AND MOTIVATION

Alchemy is an Anglo American Platinum initiative that advocates for '*sustainable community futures through mining and beyond mining*' (Morifi, 2012:2). The Alchemy institutional structure contains four CDTs; Dikuno Tsa Sechaba established in 2013 (Amandelbult mine), Rustenburg established in 2014 (Rustenburg operations), Bohwa Bja Rena established 2015 (Twickenham mine), Ditholwana Tsa Rena established 2016 (Mogalakwena mine). The Trusts primarily benefit communities that reside within a 15-kilometre radius from the mining operations. Through the CDTs, Alchemy aims to unlock resources flowing from Anglo American Platinum share ownership to facilitate sustainable development (Hart, 2015b).

The Alchemy CDTs are designed to mature through a series of phases. Each CDT moves through three phases, firstly the Foundation then the Consolidation and lastly the Operational Phase (refer to Figure 4). These phases are marked by a transitioning board structure and development tasks. During the Foundation Phase, each Trust is led by five Trustees, two Founder and three Independent Trustees. Founder Trustees are AAP employees nominated to represent AAP in the Trusts. Independent Trustees are persons that are impartial to both the beneficiaries and the Founder. Community representatives are not part of the Foundation Phase. The Foundation Phase is marked by tasks that solidify processes and procedure around governance, administration, foundation projects, stakeholder engagement and strategic planning (Dikuno Tsa Sechaba Community Development Trust, 2013). Community representatives form part of the Consolidation Phase board of Trustees. During the Consolidation Phase, the CDTs' operational processes should be formalised to enable the Trusts into full implementation mode. The Operational Phase defines the CDTs' full autonomy (estimated 31 years). At this point, the shares will be unencumbered and there will be no Founder participation at board level. Currently, all the CDTs are operating in the Foundation Phase apart from the Dikuno Tsa Sechaba which moved into the Consolidation Phase in 2017.

In 2014, the Alchemy initiative was recognized twice by the International Association for Public Participation (IAP2) as an international project of the year for its outstanding achievements of community engagement and public participation (Bouwer, 2015).

Against this background, this research is not borne out of a crisis. However, as the Trusts move into the next phase, there is an opportunity to evaluate capacity gaps and strengths. Particularly, because the Alchemy CDTs have embraced an ambitious mandate. It remains critical to understand what has worked and what has not worked, to improve efficiencies especially given that mining is finite. It is important to note that, to date, no evaluation has been done on how Trustees are operationally navigating the Foundation Phase against the mandate and set out tasks (refer to section 2.2).

1.3 PROBLEM STATEMENT

Driving Corporate Social Responsibility initiatives through CDTs has been embraced by mining companies around the world (International Finance Corporation, 2015; Wall and Pelon, 2011). Since the increased establishment of CDTs, these development vehicles have become central to discussions in development conferences (Hart, 2015b), round table conversations (Nelwamondo, 2016) and publications (International Finance Corporation, 2015; Tshikululu Social Investments, 2010; Wall and Pelon, 2011; World Bank, 2010). These platforms aimed to provide guidance on the know-how of operationalising effective CDTs.

The effectiveness of CDTs founded by mining companies has received mixed reviews. While some CDTs have successfully built long-term development associates with beneficiaries (International Finance Corporation, 2015), others have faced challenges in allowing meaningful community participation (Kasimba and Lujala, 2019), adhering to proper governance (Matebesi and Marais, 2018), achieving sustainability (Tshikululu Social Investments, 2010) and maintaining proper internal and external rapport (International Finance Corporation, 2015). For South Africa in particular, Tshikululu Social Investments conducted an analysis of the risks and opportunities inherent in Previously Disadvantaged Individuals (PDI) Beneficiary Trusts and noted that '*successful Community Development Trusts seemed to be exceptions rather than the rule*' (Tshikululu Social Investments,

2010:7). By their very nature, Trusts are complex and operate in complex environments.

1.4 RELEVANCE AND IMPORTANCE OF TOPIC

In recent years, policymakers have recognized the mining sector as an important stakeholder for fostering development (Siyobi, 2015). Governments around the world have moved CSR practices away from '*voluntary*' towards mandatory regulation for staying in business. In South Africa (SA) the government is enacting and implementing various legislative frameworks with the hope of eradicating '*poverty, inequality, and unemployment*' (Lane et al., 2015:474). The Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) and the Broad-Based Socio-Economic Empowerment Charter (Mining Charter) were introduced to redress social inequalities inherited from apartheid (Botha et al., 2012). The use of CDTs is specified in the Broad-Based Black Economic Empowerment (B-BBEE) Codes for Good Practice as vehicles for facilitating social transformation and the empowerment of black people (SA. Department of Trade and Industry, 2016; Tshikululu Social Investments, 2010). Consequently, Trusts are becoming popular for driving empowerment for Previously Disadvantaged Individuals (PDI) through the ownership of equity in private enterprises and earning dividend to spend on development initiatives (Tshikululu Social Investments, 2010). Scholars argue that CDTs have the potential to enhance social inclusion, unleash economic emancipation and provide the best model for communities to mobilise resources and create jobs (Kasimba and Lujala, 2019; Mabhena and Moyo, 2014; Tshikululu Social Investments, 2010).

Against this background, it is important to evaluate the capacity needed to establish successful Trusts. Evaluation of capacity factors through the Trustees' experiences will provide insights on capacity drivers and constraints towards effective CDTs. Trustees play a critical role in shaping the trajectory of Trusts by ensuring good corporate governance, managing projects together with engaging beneficiaries (Sidley, 2015). Through their experiences, Trustees know what makes or breaks such an initiative.

Since the Alchemy initiative transaction was publicly announced in 2011, a capacity review on the Trusts has not been conducted. It remains unclear what capacity the Trusts require to be successful in the first phase of their establishment. The study outcomes have the potential to provide the next phases of the Alchemy CDTs with guidance on capacity development factors. Currently, three of the four CDTs are yet to move to the Consolidation Phase. Given the increased popularity of CDTs in the mining industry, the study also endeavours to provide guidance on factors that strengthen and weaken the capacity to facilitate the Trusts' performance towards social transformation.

1.5 RESEARCH OBJECTIVES

The objective of this investigation is to evaluate the capacity of the Alchemy CDTs to deliver on the Foundation tasks, as experienced by Trustees. The Results-Oriented Approach to Capacity Change (ROACH) tool is used to evaluate the Alchemy CDTs' capacity from a structure, system tools, skills and awareness, inter-relations, incentives and funding point of view.

1.6 RESEARCH QUESTIONS

The researcher poses several questions:

- a) What were the key capacity factors that promoted success towards fulfilling the CDTs Foundation tasks?
- b) What were the key capacity factors that challenged and impeded success towards fulfilling the CDTs Foundation tasks?
- c) What realistic changes could be recommended towards enhancing CDTs capacity?

1.7 SCOPE

Both Founder and Independent Trustees of four CDTs (Dikuno Tsa Sechaba, Rustenburg, Bohwa Bja Rena and Ditholwana Tsa Rena CDT) are the focus of this study. These persons play a significant role in the Trusts. Trustees are responsible for setting the strategic direction of the Trusts and for administering and controlling the Trust funds on behalf of the beneficiaries (Dikuno Tsa Sechaba Community Development Trust, 2013). The focus of this study is limited to the activities and mandate of Foundation Phase of the Alchemy CDTs only. Though Dikuno Tsa Sechaba CDT has moved beyond the Foundation Phase, Trustees of this Trust

were included in this study to retrospectively share their experiences. The Shareholding Trust is also included because the CDTs have a major dependency on the Shareholding Trust in the fulfilment of the Foundation Phase mandate.

1.8 METHODOLOGY

A qualitative research approach was adopted in this study. After purposefully selecting Trustees, semi-structured interviews were conducted with respondents (n=9). The interviews were conducted face-to-face and ranged between 60-90 minutes long. Thereafter interviews were transcribed and thematically analysed.

1.9 ETHICAL ISSUES/CLEARANCE

For ethical clearance, an application was submitted and approved (certificate number H17/11/28) by the University of the Witwatersrand Human Research Ethics Clearance (Non-medical) in 2017 (refer to Appendices 3).

1.10 DECLARATION

The researcher presently holds the position of Equity and Empowerment Specialist and is part of the Founder support staff (refer to Chapter 2 Figure 5). I have had the privilege of supporting the establishment and operations of the Alchemy CDTs. Within this period, I developed an interest to understand how capacity develops within CDTs. I, therefore, had access to the respondents.

1.11 OUTLINE OF CHAPTERS

Chapter 1: Introduction

This chapter outlines the introduction and background of the study. It includes the rationale of the study, research objectives and questions that the study focuses on.

Chapter 2: Getting to know Alchemy

This chapter provides the socio-economic landscape of the Alchemy CDTs and unpacks the Alchemy model and modus operandi.

Chapter 3: Literature Review

This chapter provides the reader with an overview of why and how mining companies contribute to the sustainable development agenda. It examines the mining industry's Corporate Social Responsibilities through CDTs in various

international and local contexts. Further, the chapter reviews and discusses the capacity development literature. It provides the evolution of development approaches leading to the capacity development approach, capacity development definitions, the conceptual framework, capacity development evaluation tools and the relevance of evaluating capacity within CDTs.

Chapter 4: Research Methodology

This chapter addresses the research design, target population, sample selected, data collection procedures and research instrument that were adopted in this study. Furthermore, it also includes the credibility and validity of instruments and ethical issues that were taken into consideration.

Chapter 5: Findings

This chapter focuses on the results analysed using the six components of the ROACH tool (structure, system, tools, skills and awareness, inter-relations, incentives and funding) (Boesen and Therkildsen, 2005).

Chapter 6: Discussions and Recommendations.

This chapter provides discussions of the research findings and the study recommendations.

Chapter 7: Conclusions

This chapter provides conclusions of the study.

CHAPTER 2: GETTING TO KNOW ALCHEMY

2.1 INTRODUCTION

This chapter provides details on the Alchemy initiative. The chapter outlines the mandate, the socio-economic realities, the structural setup and the operational structure of the Alchemy CDTs. A high-level progress report of the CDTs is included in section 2.6.

Alchemy is a community empowerment and development initiative initiated in communities neighbouring four of Anglo American Platinum's operations – Amandelbult, Mogalakwena, Rustenburg, Twickenham and the Labour Sending Areas (LSAs). According to Hart (2015b), the Alchemy programme is underpinned by the following elements;

- Shares (2.3% ordinary shares) in AAP held in Shareholding Trust (Lefa la Rona Trust) on behalf of the beneficiaries.
- Local Development Trusts per mine to drive the implementation of development initiatives.
- A Non-Profit Company (NPC) to facilitate development initiatives in Labour Sending Areas.
- A structured phased approach, to grow and empower the development Trusts towards full community ownership.
- A non-partisan view of beneficiaries which does not favour specific structures, groups or persons.

The Alchemy Trusts have three streams of funding; (1) Dividends, (2) Corporate Social Investment (CSI) - which is made available at the Founder's discretion, and (3) Mine Safety Health and Environment (SHE) key performance indicators – annual funds declared after mine-community health and safety key performance indicators are met (Hart, 2015b).

2.2 THE ALCHEMY COMMUNITY DEVELOPMENT TRUSTS MANDATE

The vision of Alchemy is defined as '*sustainable community futures beyond mining, through mining*' (Hart, 2015b:5). To deliver on this mandate in the Foundation Phase, there are critical tasks that the CDTs need to deliver including governance, administration, strategic planning, project implementation and communications and stakeholder engagements. Details of this are found in Table 1.

Table 1: Alchemy Community Development Trusts key duties in the Foundation Phase.

Key Alchemy Community Development Trusts Foundation Phase Duties	
Governance	<ul style="list-style-type: none"> • Ensure decisions align with the advancement of the Trusts' beneficiaries (85% budget allocation to projects, 15% administration). • Formulate policies and procedures. • Account to beneficiaries through Annual General Meetings (AGMs). • Submit audited financial reports to Lefa La Rona Trust (LLRT) and outline the CDTs' performance against the annual budget. • Initiate and conduct community Trustee selection process.
Administration	<ul style="list-style-type: none"> • Adoption of the Trust logo. • Appoint an operational structure (administrator, project manager, operations manager, etc.). • Registration of Trusts as a Public Benefit Organisation (PBO).
Strategic planning	<ul style="list-style-type: none"> • Conduct periodic scientific economic and social research to understand community situation. • Develop a 5-year development plan. • Develop a 20-year sustainable development vision for the benefit area.
Project Implementation	<ul style="list-style-type: none"> • Adopt Foundation Phase projects. • Promote public/private partnerships. • Implement projects in accordance to the Trusts' strategic plans.
Communication and Stakeholder Engagement	<ul style="list-style-type: none"> • Facilitate AGMs. • Hold project meetings with beneficiaries bi-annually. • Develop stakeholder engagement plans. • Establish community development forums.

Source: (Dikuno Tsa Sechaba CDT, 2013).

Strategic planning and continuous adequate stakeholder engagement are identified as some of the key challenges faced by Trusts (Tshikululu Social Investments, 2010). Mainly because mine communities are often associated with fragile community institutions and initiating forums or structures within this context can be an enormous task. Further, the preservation of relationships and maintaining rapport are some of the tasks that need to be handled with sensitivity (Tshikululu Social Investments, 2010).

2.3 SOCIO-ECONOMIC CONTEXT OF THE COMMUNITY DEVELOPMENT TRUSTS

The Alchemy initiative seeks to achieve the sustainable development vision in a socio-economic context characterised by high levels of unemployment, particularly amongst the youth, high dependency on the declining mining industry and low levels of education.

Three of the CDTs are situated in the Limpopo province whilst one is in the North West (NW) province. Figure 1 illustrates how the Alchemy CDTs benefit communities are defined relative to the respective mining operations. The communities within 15-kilometre radius from the AAP mine operations primarily benefit from Alchemy through a non-partisan approach (no beneficiary group, structures or settlement is preferred over another) (Hart, 2015b). These communities are referred to as beneficiaries and/or benefit communities. Besides the Alchemy benefit area, Figure 1 also shows an integrated benefits area that covers a 50-kilometre radius whereby AAP initiatives such as the Corporate Social Investment projects (CSI) and the Social and Labour Plans (SLP) are deployed.

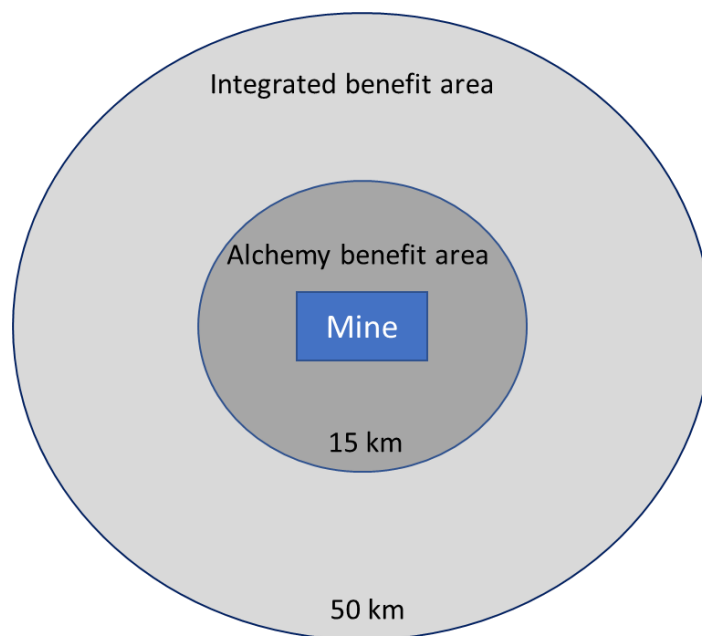


Figure 1: Alchemy benefit area.

Source: (Hart and Ritter, 2015).

In setting the scene, it is important to provide context on the socio-economic realities prevailing in each of the Trust benefit communities, from both provincial and municipal levels.

On a provincial level,

The pressing need for community development support grew between the years 2008-2011 in the Trusts' benefit communities, during which the commitment to establish Alchemy CDTs was made. Poverty indicators increased during this period for both Limpopo and North West province. The highest poverty level was recorded in Limpopo province (Statistics South Africa, 2014). In 2006, the poverty level of Limpopo was 74% meaning that three-quarters of all residents were recorded as poor (Statistics South Africa, 2014:31). When looking at the poverty share across all nine provinces, between 2006 and 2011, both NW and Limpopo recorded an increased poverty share of 11% and 9% respectively (Statistics South Africa, 2014:32). This can be seen in Figure 2.

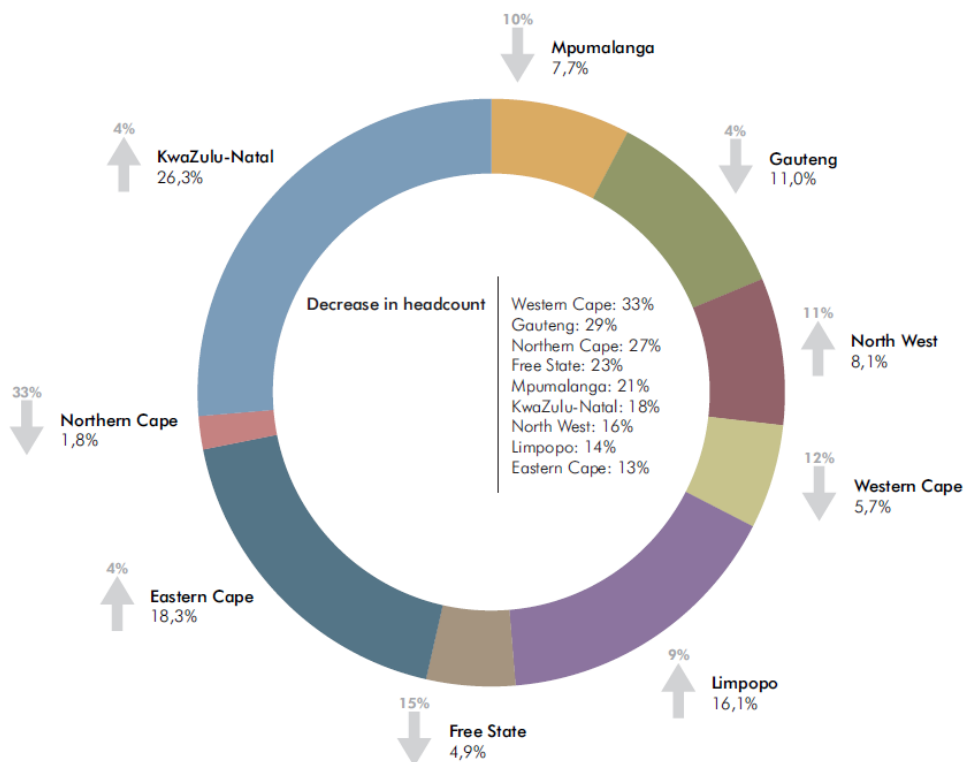


Figure 2: South Africa poverty share by the province in 2011 and change from 2006.

Source: (Statistics South Africa, 2014:32).

From a health perspective, the highest recorded under-five mortality of 110 per 1000 live births was recorded in Limpopo followed by the Eastern Cape and North West at 105 per 1000 live births (Rademeyer, 2017). High child mortality can be linked to low socio-economic conditions, lack of healthcare delivery systems, limited access to clean water and sanitation, low nutrition, inadequate immunization, and low maternal education (Statistics South Africa, 2015).

On a municipal level, Table 2 depicts socio-economic statistics that prevail in the seven municipalities where the four CDTs operate. This data was extracted from Statistics South Africa, Census 2011.

- Looking at the demographics, the dependency percentage range from a low 31% to a high 85% (average ~ 61%), whilst the national number was recorded at approximately 53%. This means the working-age individuals in Limpopo and NW carry a higher burden to support the economically inactive than the average in SA.
- The unemployment rate among the working-age population ranges from a low 21% to a high 63% and the youth unemployment ranges from 27% to a high 74% (nationally unemployment 25% and unemployed youth 30% respectively).
- On average only, ~7% (9% nationally) of the population covered by the CDTs aged 20+ have higher education.
- From a service delivery point of view, only 2% of the population in Fetakgomo municipality have access to flushable toilets connected to a sewer.

The socio-economic realities prevailing in each of the CDTs' benefit communities, from both provincial and municipal levels indicate an urgency for development and empowerment. The Alchemy CDTs were established to reduce the beneficiaries' dependency on mine. Ultimately, the CDTs aim to make a difference in the lives of mine communities who are burdened with high local unemployment, high poverty, inequality and skills shortages, water supply pressures and inadequate infrastructure (Anglo American Platinum Integrated report, 2017).

Table 2: A synopsis of social statistics of seven municipalities that host the four CDTs¹.

CDT	Local municipality	Dependency	Unemployment	Youth unemployment	Higher Education aged 20+	Matric aged 20+	Flushable toilets connected to sewage	Piped water inside dwelling
Dikuno Tsa Sechaba	Thabazimbi	31	21	27	8	26	63	47
	Moses Kotane	59	38	47	5	27	12	19
Rustenburg	Rustenburg	38	26	35	9	31	53	36
Ditholwana Tsa Rena	Mogalakwena	72	40	52	9	22	26	20
Bohwa Bja Rena	Makhuduthamaga	85	63	74	6	21	3	6
	Fetakgomo	77	59	71	7	22	2	6
	Greater Tubatse	66	50	60	7	23	6	10

2.4 THE ALCHEMY STRUCTURE

The structure of Alchemy constitutes four CDTs, a Non-Profit Company (NPC) (not in scope) and a Shareholding Trust (refer to Figure 3). The Shareholding Trust, Lefa La Rona Trust (LLRT) acts as a conduit between the Founder (AAP) and transfers funding to the development structures. The four CDTs drive the implementation of development initiatives at the various mine sites and the NPC facilitates development initiatives in Labour Sending Areas (Eastern Cape, Lesotho, Mozambique, Taung).

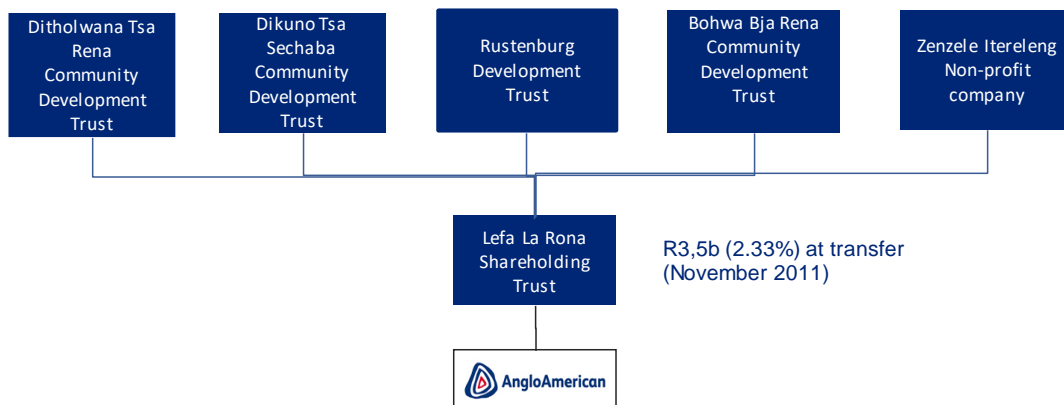


Figure 3: The Alchemy structure.

Source: (Hart and Ritter, 2015).

¹ Statistics South Africa. [ONLINE] Available from: <http://www.statssa.gov.za>. [Accessed 27 September 2018].

Five Trustees constitute the management of the CDTs in the Foundation Phase, three Independent and two Founder Trustees (see #2 in Figure 5). The Trust Deeds (separate Trust Deeds for each Trust, but with similar content) stipulates requirements needed to qualify for the appointment as a Trustee: Firstly, one must be functionally literate, which is defined as having a minimum education level of Grade 12 and or equivalent National Qualifications Framework (NQF) level. Secondly, at least 50% of the Founder appointed Trustees and 50% of the Community Trustees shall be Historically Disadvantaged South Africans (HDSA) and further that at least 50% of the Founder appointed Trustees and 50% of the Community Trustees shall be HDSA women (Dikuno Tsa Sechaba CDT, 2013).

The Founder Trustees were nominated and endorsed by senior executives in AAP. The Founder nominees were selected based on their position in the company and their potential to add value in the Trusts. In accordance to the Trust Deeds, the nominees shall have a *'financial background, formal education and appropriate experience and skills commensurate with those required to realize the Trusts' objectives'* (Dikuno Tsa Sechaba CDT, 2013:42).

The Trust Deed defines Independent Trustees as *'persons who should not be a beneficiary, a related or inter-related of; the Trust, any group company, shareholding Trust, a traditional leader within the benefit areas or a member of the traditional council within the benefit areas and living within the benefit community'* (Dikuno Tsa Sechaba CDT, 2013:41). The Independent Trustees' selection was based on a referral or head-hunting process by the Founder. Their selection was followed by a robust interview process that was adjudicated by the chairperson of LLRT, the chairperson and deputy chairperson of the Working Group and two Founder representatives (Dikuno Tsa Sechaba CDT, 2013).

The Trust Deeds carefully prescribes the identity and composition of the Trustees for each phase on the Alchemy journey (refer to Figure 4). During the Foundation Phase, CDTs comprise two Founder Trustees and three Independent Trustees. The Consolidation and Operational Phase are marked by Community Trustees. After 30 years of the CDT existence, the Founder participation falls away (Anglo American Platinum Limited, 2015). At this stage, the Trusts should be fully independent (Hart, 2015b).



Figure 4: An illustration of Trustee composition with evolving CDT maturity.

Source: (Anglo American Platinum Limited, 2015).

2.5 COMMUNITY DEVELOPMENT TRUSTS: PROCESS FROM FORMATION TO EXECUTION

On a high level, the following steps were followed to establish and operationalize the CDTs in the Foundation Phase:

- a) A series of consultations with local communities through Working Group structures.
- b) Finalization of the Trust Deeds and registration of the CDTs.
- c) Execution of the Trusts' mandate through Foundation tasks.

Before the CDTs' establishment, a series of engagements were held with community representatives to co-design the respective Trust Deeds. This locally-based committees were called the Working Groups (WGs) (refer to #1 in Figure 5). The WGs played a pivotal role in assisting to understand community dynamics, challenges, opportunities and provided input that helped shape the Trust Deeds. WGs were established in each Trust area to ensure that the Deed was custom fit to suit the beneficiaries for the specific location. WGs were dissolved once the CDTs were established (Dikuno Tsa Sechaba CDT, 2013).

For the Trusts to be functional, operational structures needed to be in place (refer to #3 in Figure 5). This comprised of a Trust administrator, an operations manager

and a Project Development and Implementation Unit. The Trust administrator is defined as a person/company responsible for all administrative and financial functions. The CDTs also have a Project Development and Implementation Unit (PDIU) responsible for managing projects. The Deed mentions the need for an Operations Manager who was responsible for the overall day-to-day management of the Trusts (Dikuno Tsa Sechaba CDT, 2013).

Besides the services procured by the Trusts, significant technical guidance and support were provided by the Founder through the Platinum Review Office (PRO), a project management office that operates within the Anglo American Platinum Finance Department (refer #3 in Figure 5). This PRO was mandated to ensure institutionalization of the Alchemy structures and to support the operational processes. Trustee induction training was done through the PRO by the stakeholder engagement advisor. In addition to the PRO, the equity and empowerment specialist (part of AAP Corporate Affairs function) formed part of the Founder support team to mainly facilitate the integration of the CDTs with Corporate Affairs functions to avoid duplication of efforts and align efforts for a broader impact in the communities. Also, the equity and empowerment specialist support the CDTs to ensure optimal operations within proper governance (Anglo American Platinum Limited, 2015).

2.6 PROGRESS WITHIN THE ALCHEMY COMMUNITY DEVELOPMENT TRUSTS IN THE FOUNDATION PHASE

This section provides a high-level progress report of the four CDTs in the Foundation Phase.

At the “3rd International Conference on Social Responsibility in mining – Sr mining 2015” held in Chile between the 4th to 6th November, Hart (2015b) pronounced some lessons on Alchemy through a paper titled: “Mines and sustainable communities: seeking platforms for true development partnership”. He drew these lessons from his participation as an advisor to the Alchemy initiative since 2009.

The following early lessons were outlined by Hart (2015b:8-9):

- The corporate shareholding model is unfamiliar to many communities and more elaborate discussions were required to explain the model.
- The long-term funding model facilitated support with local stakeholders.

- The Foundation Phase two-year period might need an extension in areas of complex social settings.
- Planning and project development capacity building was required within the CDTs.

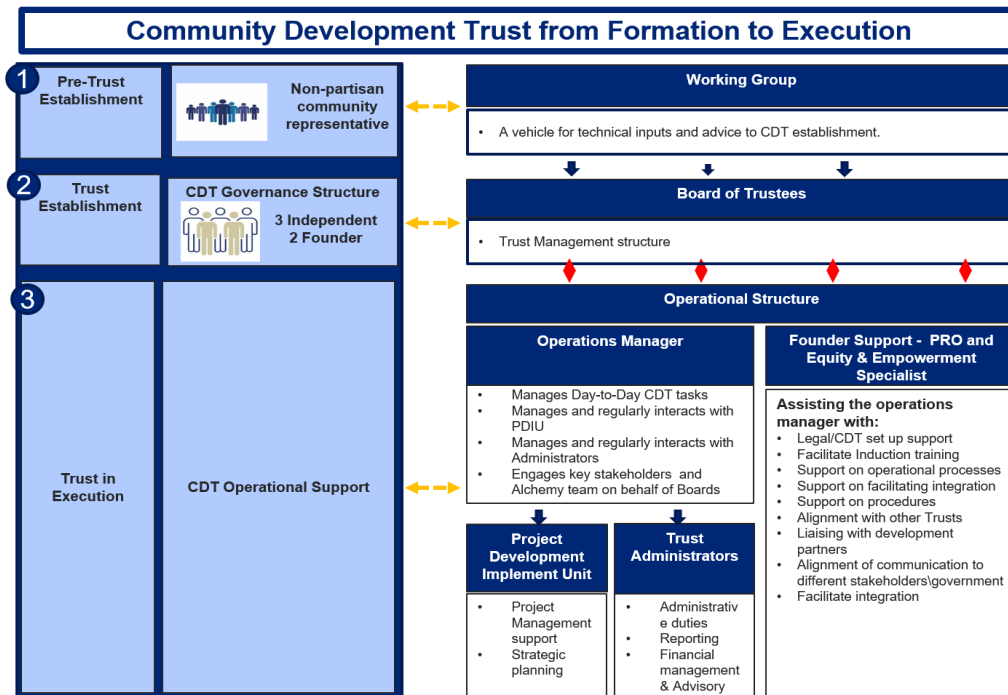


Figure 5: Illustration of CDTs steps from formation to execution.

Source: (Dikuno Tsa Sechaba CDT, 2013) (refined version).

Hart (2015b) noted that key lessons were yet to be learned as the CDTs mature. He envisaged that there would be more requirements for increased engagements in the future for building relationships and mobilising development forums.

In 2016, AAP reported the success of moving from the design phase with all development Trusts being established. AAP applauded strong governance within the CDTs and acknowledged the Trusts registration as Public Benefit Organizations (PBOs). Alchemy was also recognized for successfully addressing capacity constraints by forming partnerships with large corporates to fulfil its mandate on a pro-bono basis (Anglo American Platinum Limited, 2016).

2.7 SUMMARY

This chapter provided an understanding of the Alchemy initiative to help contextualize findings and recommendations that are contained in this research study.

CHAPTER 3: LITERATURE REVIEW

3.1 INTRODUCTION

Historically, the mining industry was solely known for extracting valuable mineral resources from a technical and economic point of view (Labonne, 1999). Over the past two decades, the industry's contributions towards the sustainable development agenda have emerged as key to staying in business (Kemp and Owen, 2013). This chapter introduces the influences and trends that have shaped the mining industry's role in sustainable development.

Here, the literature observes the role played by the United Nations (UN) in creating global awareness for integrated industry participation in pursuit of economic development, environmental protection and social improvement (Labonne, 1999). The literature also examines evolving trends within globalisation, communities, Non-Governmental Organisations (NGOs) and mining legislative frameworks. These influences and trends have transformed and strengthened the industry's Corporate Social Responsibility (CSR) efforts. This study focuses on the use of local benefit-sharing mechanisms - CDTs as vehicles for driving CSR within mining communities (International Finance Corporation, 2015). Whilst the development mandate of CDTs is clear, this study argues for a holistic capacity development approach to enable competencies for success. It is this view that underpins literature on the origin of capacity development, its conceptual framework, evaluation tools and application strategies.

Note that the literature on CDTs uses Foundations, Trusts and Funds (FTFs) interchangeably to refer local benefit-sharing mechanisms (World Bank, 2010; Wall and Pelon, 2011; International Finance Corporation, 2015). In this section, the term CDTs is used instead of FTFs.

3.2 CORPORATE SOCIAL RESPONSIBILITY IN THE MINING SECTOR

For many years, mining companies extracted minerals without consideration of environmental and social impacts. Global media overwhelmingly reported stories about careless mining practices showing abandoned mines, various violations of human rights and threats to biodiversity (Jenkins, 2004; Warnaars, 2012). This irresponsible treatment of communities and the environment spurred criticism from NGOs and governments around the world (Hamann, 2003). These criticisms

caused the '*old school orthodoxy*' of approaching mineral resources solely from a technical and commercial view, to lose relevance (Labonne, 1999). Consequently, the end of the 1990s marked the emergence of a '*responsibility by business to behave ethically and contribute to economic development while improving the quality of life of local community and society at large*' (the World Business Council for Sustainable Development's definition) (quoted in Hopkins, 2007:25). This responsibility is termed Corporate Social Responsibility (CSR), mining companies' contribution to the sustainable development agenda (Hamann, 2003).

The practice of CSR has earned mining companies relevance within the sustainable development paradigm the world finds itself in. Since the 1980s, the UN has continued to create global platforms for multi-stakeholder dialogues to drive like-minded integrated development efforts (Labonne, 1999). The UN has made concerted efforts for driving social consciousness, joint solution thinking and actions to curb social, environmental and human rights issues. The UN progressed these multi-stakeholder dialogues by designing development goals, i.e., *the Millennium Development Goals (MDGs) and later the 17 Sustainable Development Goals (SDGs)* (Fraser, 2018:1). These goals were designed with consideration of the potential development contributions from various industry stakeholders including mining. While the juxtaposition of mining and sustainability is referred to as an oxymoron, these terms become complementary when the economic wealth accrued from mining is used, opportunistically, to sustain economies and develop communities (Labonne, 1999). According to the World Economic Forum (quoted in Fraser, 2018:2) mining is uniquely positioned to contribute to the sustainable development agenda, especially because mining operations have contributed to many of the problems the 17 SDGs seeks to address (Fraser, 2018).

Given mining companies' contribution to the global sustainable development agenda, the impetus for development through CSR is influenced by several business agendas.

- Firstly, global advocacy for development has driven changes in the application of CSR (Hamann, 2003). The '*worldwide trends of globalization, interdependence, decentralization of government authority and the heightened social awareness*' has transformed the way the mining industry operates (Labonne, 1999:316). Investors, customers, fund managers,

banks and potential employees have become more informed and are paying more attention to the CSR of mining companies. These developments have created a strong business case for driving CSR in addition to that of the company's bottom line (Humphreys, 2000). Humphreys (2000) convincingly outlines that mining companies that act responsibly earn a good reputation amongst all relevant stakeholders (consumers, communities, anti-mining activists), resulting in a conducive environment for profits.

- Secondly, mining companies drive CSR to mitigate negative impacts associated with mining. Mining operations offer overwhelming negative impacts that can be detrimental to the social fiber of communities. Especially those in proximity to mining operations. Typical detrimental impacts vary from various human rights violations, resettlement (loss of land, assets, livelihood) and environmental destructions (Makua and Kola, 2017). Through CSR, mining companies are exerting significant energies to ensure that the positive mining impacts outstrip the negatives, to gain acceptance from affected parties, mainly mining communities. CSR efforts have intensified because the maturity of mining communities have led to increased demands for fair benefit sharing and visible development (Hodge, 2014) especially in rural communities where government service delivery is absent or weak (Wall and Pelon, 2011). The discontentment of mining communities over mining companies' efforts often manifests in strikes, vocal oppositions and unrest (Lane et al., 2015), all of which are unwanted events that depict an absent 'Social License to Operate' (SLO) - a cordial relationship between communities and the mining company (Black, 2017). A SLO is undoubtedly an essential license for mining companies to stay in business.
- Thirdly, the pressure to mitigate the negative impacts is also exacerbated by NGOs. NGOs have become powerful and radical in voicing concerns of the indigenous and marginalised mining communities (Labonne, 1999). NGOs have positioned themselves as active stakeholders, as opposed to, previously passive bystanders awaiting consultation. This is amplified by the increased use of social media platforms that have made negative publicity more globally visible (Rivera et al., 2014). With this, mining companies approach CSR more strategically to earn acceptance.

- Lastly, policymakers recognize the mining sector as an important stakeholder in fostering development (Siyobi, 2015). Consequently, governments around the world have moved CSR practices away from 'voluntary' towards mandatory regulation for staying in business. South Africa (SA) provides an example of a government enacting and implementing various legislative frameworks with the hope of eradicating '*poverty, inequality, and unemployment*' (Lane et al., 2015:474). The Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) and the Broad-based Socio-economic Empowerment Charter (Mining Charter) were introduced to redress social inequalities inherited from apartheid (Botha et al., 2012). The MPRDA promotes local participation through the Black Economic Empowerment (BEE) policy, whose requirements have been agreed in the Broad-Based Socio-Economic Empowerment Charter (Siyobi, 2015). This Act has made it compulsory for mining companies to provide local socio-economic development plans for affected mining communities. These plans are termed Social and Labour Plans (SLPs) (Pavlovic, 2016) which must be approved for a mining company to get and/or maintain a mining license.

3.3 CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT TRUSTS

Figure 6 below illustrates the various channels used by mining companies to contribute socially and economically and to facilitate payments to communities. These contributions and payments are generally channelled through employment, beneficiation, business opportunities, improved infrastructure, community investments, government payments (royalties, taxes and Gross Domestic Product) and in some cases through compensation (World Bank, 2010; World Bank, 2012). The growth in CSR expectations has encouraged mining companies to move beyond the philanthropic development agenda to play a meaningful role to uplift the lives of communities. With this, the bar has been raised for effective, innovative and strategic local community investments with a long-term outlook. Often, cascading mineral wealth to enable development at the local community level remains bleak in most developing countries (Prno and Slocombe, 2012). This is mainly because often the community is ill-defined, the leadership is sometimes unclear or contested, and often speaks for a small minority (Hart, 2015a). This

implies that mining companies should be able to understand development from the community's view, allowing communities members to have a voice and participate in the decision-making processes (Hamann, 2003).

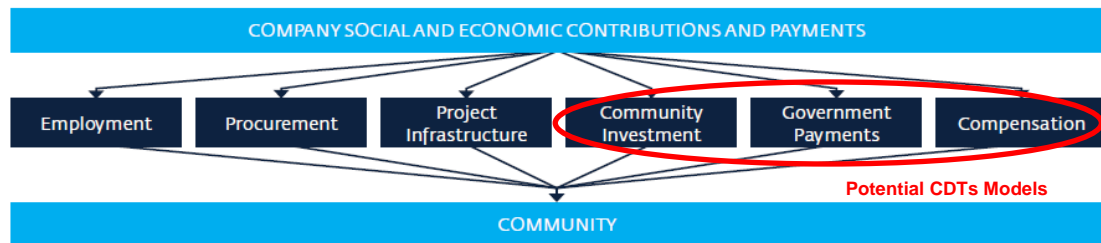


Figure 6: Benefit Sharing Channels.

Source: (World Bank, 2010:22).

The above context underpins the consideration for dedicated local mechanisms which have made CDTs popular as benefit-sharing mechanisms (Dupuy, 2017; Maconachie, 2012; Songi, 2015; Wall and Pelon, 2011). A CDT is defined as a mechanism which makes it possible for a group of citizens, in any community, to create funds for development activities whereby *'the principal investment is placed under the administration of a selected financial institution and the expenditures are controlled by a local committee'* (Lindeman, 1988:11). According to the International Finance Corporation (2015:2), *'companies have realised that they cannot solve complex development challenges on their own, and will need to work with partners across sectors in new and more effective ways'*. Consequently, more than 60 of these vehicles have been established within the mining sector alone globally, 27 have been established since 2000, with the vast majority located in developing countries (International Finance Corporation, 2015:1). For the local mining communities, who are often politically and economically marginalized, these Trusts have the potential to promote equitable benefit-sharing and inclusive decision-making (Kasimba and Lujala, 2019). Mining companies' preference to use CDTs is articulated in Box 1. Mining companies invest in CDTs to drive CSR with the intent to obtain a SLO, manage social risks and stakeholder expectations (International Finance Corporation, 2015).

Box 1: CDTs are preferred by mining companies as dedicated local mechanisms for sharing benefit with communities for the following reasons:

- To show the company's commitment to form 'formal, professional and systematic approach to development;
- To support the long-term local community development agenda;
- To allow multi-stakeholder participation in decision-making;
- To minimize company risk associated with the company led local development through these vehicles;
- To build stability of financial support through mining's boom and bust cycles;
- To provide a platform for empowering locals on how to drive development and to develop long-term institutional knowledge and capacity;
- To provide a layer of shared governance if set up as independent entities.

Source: (Wall and Pelon, 2011).

CDTs have proved to be highly flexible mechanisms and are used differently by mining companies around the world to address numerous contextual problems. Australia and Canada are among the highly industrialised countries where mining companies are shifting from channelling socio-economic contributions from solely national governments, to also focus on local communities. In these countries, engagements and decision-making have shifted to be more inclusive, resulting in tripartite discussions between communities, government and mining companies (Di Boscio, 2010). In Australia, the manifestation of this practice is seen through the emergence of indigenous land use agreements drafted between aboriginals and mining companies. CDTs are used as a mechanism to share benefits in Western Australia and Queensland to drive the development mandates as stipulated in the agreements (Söderholm and Svahn, 2015). These Community Trusts are forward-looking, securing sustainable futures for next generations and are set up to allow a phased transition to full local ownership (Wall and Pelon, 2011). For example, in 2006, two Community Trusts (Galganyem and Kilkayi Trusts) emerged from the indigenous land use agreement and the Argyle management plan agreement drawn between a resource company (Argyle Dimond's -Rio Tinto) and the traditional landowners (Wall and Pelon, 2011).

Canada introduced the use of joint ventures and socio-economic agreements between aboriginal communities, government, and mining companies to promote

local procurement, employment and staff training. Through the application of impact assessments, these tripartite agreements were found to yield positive impacts and are noted to have contributed positively to the local economy (InterGroup Consultants Ltd., 2013). Contracting and equity participation opportunities were enabled through Regional Trusts (Söderholm and Svahn, 2015).

CDTs have also proved adaptable within the African mining context. In some parts of Ghana, CDTs are established to curb corrupt practices that prohibit the distribution of mineral wealth. Ghana often receives criticism over its distribution of mineral resources as poverty stays entrenched in areas of mining activity (Kasimba and Lujala, 2019). Critics highlight that gaps in Ghana's mining resource redistribution practices include the lack of transparent local institutions receiving funds and no strategic direction of how monies should be spent (Kasimba and Lujala, 2019). Research also showed that Ghana's challenges with sharing benefits at a local level were exacerbated by structures that lack integrity. Often, the Ghanaian chiefs that receive development funds on behalf of the broader community do not have the community's best interest (Fox et al., 2011). Consequently, policy alternatives have proposed a direct transfer of cash or '*citizen resource dividend*' (Standing, 2014) and Local Benefit Sharing Trust Funds (Kasimba and Lujala 2019), as mechanisms for localised benefit sharing.

Zimbabwe and SA provide good examples of how governments have influenced the use of CDTs to drive ownership and empowerment at the community level. In 2010, the Zimbabwean government established the Indigenisation and Economic Empowerment Act (General Regulation, 2010) wherein all non-indigenous mining companies can only achieve indigenisation status by disposing 10% shares to a Community Share Ownership Trust (CSOT) scheme (Matyzak, 2012). According to Maodza (quoted in Mabhena and Moyo, 2014:73), this Trust was established to '*empower indigenous Zimbabweans and to address imbalances spawned by colonial dispossession*' (Mabhena and Moyo, 2014:73). In South Africa, the use of CDTs is specified in the Broad-Based Black Economic Empowerment (BBBEE) codes for good practice as a mechanism for implementing social obligations and investment initiatives (SA. Department of Trade and Industry, 2016; Tshikululu Social Investments, 2010). Examples of such investments include:

- The Impala Bafokeng Trust (IBT) - a product of a BEE transaction between Impala Platinum and the Royal Bafokeng Nation (World Bank, 2010).
- The Alchemy project - Anglo American Platinum's empowerment transaction which was done to support the company's BBBEE goals (Anglo American Platinum Limited, 2016:37).
- And African Rainbow Trust (African Rainbow Minerals); Fricker Road Trust and Bokamoso Trust (Assore) and Sishen Iron Ore Company (SIOC) CDT (Kumba Iron Ore) (Intellidex, 2018).

CDTs are also cited as mechanisms of sharing benefits with communities to mitigate environmental detriments to attain a SLO and to fulfil developmental responsibilities to align with both the company and government policies. In the Western Province of Papua New Guinea, the OK Tedi Mine Limited (OTML) poses significant environmental effects on communities located downstream from its activities (Wall and Pelon, 2011). The company dumps tailing and waste into the Fly River. To counter these negative effects, OTML entered into an agreement that predicated continued mining on community consent. The agreements also committed OK Tedi investing in the development of 152 communities through the establishment of eight Community Trusts, which manage the compensation funds independently (World Bank, 2010). In Mozambique, BHP Billiton established the Mozal Community Development Trust (MCDT) as part of its corporate policy that advocates for sustainable development within its operations. One percent of pre-taxed profits go towards funding this Trust (Wall and Pelon, 2011).

The literature recognises development vehicles that work closely with local government. The Rössing Foundation (legally structured as a CDT) is Namibia's oldest mining Foundation mandated to facilitate and implement CSR activities for Rio Tinto Rössing Uranium Limited (RUL). The Foundation's implementation quality and success, together with its transparent and trustworthy financial administration systems attracted numerous external donors and partnerships that sustained the organisation during periods of scarce financial resources (Wall and Pelon, 2011). The Phalaborwa Foundation was established by Rio Tinto (SA) to fulfil the company's social responsibilities. This Foundation facilitates partnership with the Ba-Phalaborwa Municipality and other stakeholders to implement the Integrated Development Plan (IDP) and Social Labour Plans (World Bank, 2010).

3.3.1 Factors that contribute to the successes and failures of Community Development Trusts

Due to the desperation and urgency for development and social justice in most mining communities, the effectiveness of CDTs faces scrutiny and pressure. This is especially because, in most cases, local benefit-sharing CDTs manage a substantial amount of funds to redistribute natural resource wealth to local communities (Kasimba and Lujala, 2019). In 2015, the International Financial Corporation (IFC) published a paper that provides a quick guide to establishing CDTs titled “*Establishing Foundations to Deliver Community Investment*” (International Finance Corporation, 2015). Later in 2016, Nelwamondo (2016) shared a cycle of an ideal successful CDT through a presentation titled: ‘*History of successes and challenges of SA Community Trust*’ at the South African Wind Energy Association (SAWEA)/ South African Photovoltaic Industry Association (SAPVIA) Roundtables held by the Industrial Development Corporation (IDC) in South Africa, Sandton on the 23rd May 2016. Figure 7 is an illustration of a modified version of a cycle of an ideal successful CDT. Box 2 offers guidelines on typical board compositions, and the importance of funding and branding within CDTs.

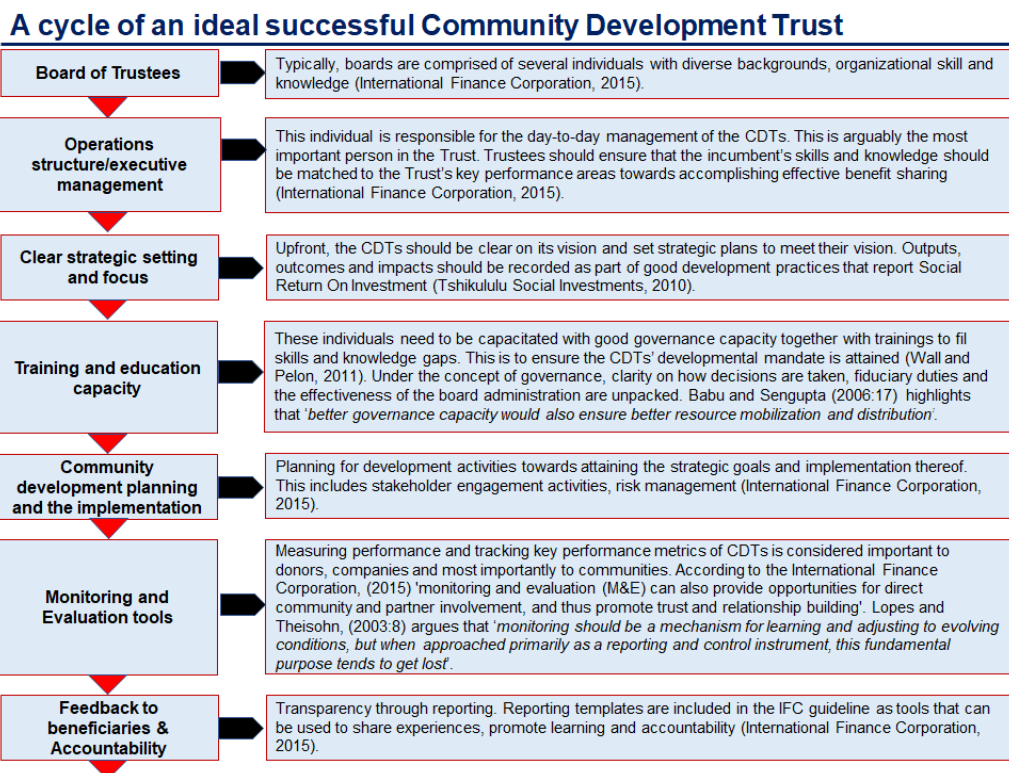


Figure 7: A modified version of a cycle of an ideal successful Community Development Trust.

Source: (Nelwamondo 2016:15).

Box 2: Additional guidance and considerations towards successful CDTs

Examples of typical board compositions:

- Kupol Foundation (Russia) 5-member board: 1 from the company, 1 from the regional government, and 3 from municipal district government;
- Gold Fields Ghana Foundation (Ghana) 7-member board: 2 from the company, 1 from the operating mines, and 3 non-company stakeholders (2 parliamentary representatives and 1 representative of the Chamber of Mines);
- Ok Tedi Development Foundation (Papua New Guinea) 3-member board: 2 company members and 1 non-company stakeholder (Permanent Secretary for the Department of Mineral Policy and Geohazard Management) (International Finance Corporation, 2015).

Funding - The sustainability of CDTs is highly dependent on funding certainty (Intellidex, 2018; International Finance Corporation, 2015; Wall and Pelon, 2011). Diversity within the funding structure can serve the CDTs well as it provides the CDTs with the ability to curb or minimize its exposure to boom- and bust effects that are associated with mining profits (Wall and Pelon, 2011).

Branding and Identity - International Finance Corporation, (2015) guides that Trusts need to develop a branding and communication approach to differentiate itself from the founding company. This will assist in shifting the vehicle away from the founding company's existing tension that may exist amongst stakeholders.

Despite the elements noted in Figure 7 and Box 2, the literature notes various authors that have contributed to identifying key elements/factors needed for successful CDTs. Mabhena and Moyo (2014) studied the Zimbabwean policy effectiveness in supporting the operations of the Community Share Ownership Trust (CSOT) - Gwanda district. The authors recommended that the Indigenisation and Economic Empowerment Act, the Rural District Councils' Act, the Mines and Minerals Act, together with the Communal Areas Management Act needed to be aligned to ensure that their development strategies are harmonised to focus on collectively promoting sustainable ways of utilising the CSOT. Mabhena and Moyo (2014) also concluded that proper systems and policies that encourage accountability need to be integrated within the CSOT to prevent fraudulent and corrupt practices. This will ensure the credibility of CSOT amongst government, community members in the district of Gwanda and mining companies (Mabhena and Moyo, 2014).

Kasimba and Lujala (2019) examined the challenges associated with meaningful participation by residents focusing on the management of two Ghana-based Local Benefit Sharing Trust Funds management. Kasimba and Lujala (2019) noted the following: (1) community members lacked access to relevant information, (2) community members have restricted visibility to the Trust funds management and operations, (3) community members remain voiceless and have no real influence on decision-making. Overall, the findings revealed a low sense of ownership amongst the local communities. Kasimba and Lujala (2019) recommended more effort towards community participation as this buys the CDTs legitimacy and allows for informed, community-owned initiatives and inclusive decision-making. Although beneficiary representatives are important for the CDT's legitimacy, Tshikululu Social Investments (2010) cautions that care must be taken when introducing the beneficiary representatives on board level. Tshikululu Social Investments (2010) mentions that community representatives may introduce a multitude of risks that threaten proper governance, strategic planning and operations efficacy of the Trusts. Therefore, the timing of beneficiary inclusion must be carefully considered.

Reflecting on the use of CDTs globally, it becomes clear that fostering development using these mechanisms has not been straightforward (International Finance Corporation, 2015). The IFC reflected on the study done by the World Bank in 2010 (titled: 'World Bank Mining Foundations, Trusts and Funds: A Sourcebook') and concluded that *'while some, such as the Rössing Foundation and the Ok Tedi Development Foundation, have successfully become long-term development partners in the communities they serve, others have faced challenges in achieving sustainability and managing internal and external relationships'* (International Finance Corporation, 2015:2). To an extent that three of the fourteen mining Trusts studied by the World Bank in 2010 (titled "World Bank Mining Foundations, Trusts and Funds: A Sourcebook") have since terminated operations (International Finance Corporation, 2015).

In SA, the use of CDTs comes with criticisms. Findings captured on operating CDTs indicated a common error of emphasizing the CDTs' establishment legal framework in the context of BEE deal, as opposed to the framework of the operations (Tshikululu Social Investments, 2010). Within this context, we observe the study conducted by Matebesi and Marais (2018) on the effectiveness of the

Itumeleng Community Trust. The Itumeleng Community Trust was established to share benefits in pursuit to attain a SLO with communities around the Jagersfontein Mine, located in a remote town in the Free State Province, South Africa. However, community protests in the area were a clear sign that the SLO had deteriorated significantly. The CDT beneficiaries noted being denied visibility to financial statements as these were regarded as *'sensitive financial information that cannot be shared'* (Matebesi and Marais, 2018:376). As the issues around transparency persisted in the Trust, the local trustees were also not shown financial statements, rather these trustees were told of the bank balance and the expenses incurred. One participant added that the Trust was playing games with the community. This is evidence that the Trust had lost credibility and legitimacy amongst beneficiaries. Further, one of the trustees noted operational issues that question the community Trustee's relevance and effectiveness on the boards. The trustee noted that *'we do not understand what our role and responsibility is,'* and *'our hands seem to be tied when it comes to decision making'* (Matebesi and Marais, 2018:376). Further, another trustee added that *'our views have never been taken seriously even after two years of service'* (Matebesi and Marais, 2018:376). Matebesi and Marais (2018) concluded that CDTs are *'extremely difficult to manage and are moreover notorious for not adhering to legal requirements of governance'* (Matebesi and Marais, 2018:377).

Tshikululu Investment Solutions (2010:7) adds that in SA *'successful CDTs seems to be an exception rather than the rule'*. This was an overarching message that summarised five key challenges that hindered the success of Trusts (refer to Box 3). Further, Nelwamondo (2016) noted that although CDTs are becoming increasingly popular in promoting sustainable economic development in SA, data on design guidelines, lessons and best practices is limited. The revised Charter is also criticised for not guiding how CDTs are to be constituted (Harvey, 2017).

Box 3: Five key challenges to CDTs.

- Defining beneficiary parameters,
- Ensuring appropriate representativity,
- Fragility of community institutions,
- Managing impact and preserving relationships,
- Operating CDTs.

Source: (Tshikululu Social Investments, 2010).

This section of the literature forms an important part of this study as it draws on international and local experiences, outlining factors that contribute to the success and failures of CDTs. Against this background, the concept of capacity development is an interesting and important one.

3.4 THE ORIGIN OF CAPACITY DEVELOPMENT

'Though the objectives of development have been articulated more clearly than in the past, the mechanisms for achieving them have become more elusive' (Fukuda-Parr et al., 2002:2).

The statement above is underpinned by evidence that depicts the disjuncture between development and development efforts. This has led to the evolution of development approaches of which capacity development forms part. The United Nations Development Programme (UNDP) introduces a capacity development approach that has been developed from many years of learning about what and how to make development work. The UNDP is explicit in depicting the evolution of development approaches (refer to Table 3). The journey began when developed countries thought development aid will assist developing countries to achieve development goals. However, the loans and grants given to developing countries only achieved funding dependency on developed countries (UNDP, 2010).

The next attempt's rationale was built on the feasibility for developing countries to simply emulate the rich, by pursuing similar development paths to achieve development. This thinking was supported by the fact that developing countries could, in theory, take advantage of the predecessors funding and technologies to develop even quicker (European Centre for Development Policy Management, 2008). This thinking persisted into the 1950s and 60s. The focus shifted towards institutional development and strengthening in the 1970s. Towards the 1980s, the development focus shifted to human resources. This promoted emphasis on individuals acquiring information, skills and knowledge from developed countries, highlighting the importance of the intangible aspects associated with development (Vallejo and Wehn, 2016). It was expensive and opportunities to develop local institutions and strengthen local capacities were missed. It was unsustainable and motivated further research. In the late 1980s, the concept of capacity development was birthed, giving rise to an approach that suggests that development should be

fostered through strengthening existing capacity, not building it from scratch (Vallejo and Wehn, 2016).

The capacity development approach is described as rigorous, with philosophies that guide to strengthen and sustain organisations. Although rigorous, the approach has proven flexible and can be adopted in different contexts and for different needs (UNDP, 2008). The literature notes various ways in which capacity development has been defined.

- Firstly, Bolger (2000) defines capacity development as approaches, strategies and methodologies applied to improve performance at an individual, organizational and network/sector level. Capacity development core objectives include; enhancing skills, abilities and resources, strengthening relationships and addressing issues to support sustainable development (Bolger, 2000).
- Secondly, Taylor and Clarke (2008:6) mention that '*capacity development is a term used to describe a vast range of processes, activities, and interventions that aim to enhance the potential for different actors to contribute to the achievement of wider development goals*'.
- Thirdly, capacity development is a change process by which organizations, people, and society as whole unleash, strengthen, create, adapt and sustain capacity. Capacity development speaks to strengthening the abilities required to successfully perform tasks, achieve results, identify problems, find solutions in a particular environment (Austrian Development Agency, 2011).
- Lastly, capacity development and capacity building are related terms and have been used interchangeably over the years. However they have different implications. '*Capacity development commonly refers to the process of creating and building capacities and their (subsequent) use, management and retention*' (UNDP, 2008:5). This process is driven from the inside and starts from existing national capacity assets. On the other hand, capacity building commonly refers to a process that supports only the initial stages of creating capacities and assumes no existing capacities to start from. It is, therefore, less comprehensive than capacity development (UNDP, 2008).

Table 3: The evolution of UNDP’s development steps towards the capacity development approach.

	THE ASSUMPTION...	THE PRACTICE...	THE RESULTS...
FIRST	'Developing countries need money.'	Development Aid developed countries lend or grant money to developing countries	<ul style="list-style-type: none"> • Greater focus on investment and reporting than on results • Mounting debt • Dependence on foreign aid • Projects end when money runs out
THEN	'Developing countries should just model themselves after the developed ones.'	Technical Assistance foreign experts come in to operate their own projects, which they expect to yield similar results to those seen in developed countries	<ul style="list-style-type: none"> • Projects launched, but disconnected from local goals or priorities • Assumes few or no resources available locally • Dependence on foreign experts • Expertise not always transferred from foreigners to locals • The externally driven model may ignore local realities • Idea of 'assistance' highlights unequal relationship between developed and developing countries
FOLLOWED BY	'Developing countries should partner with developed ones'	Technical Cooperation greater emphasis on training, transferring knowledge, based on national policies and priorities	<ul style="list-style-type: none"> • Local expertise enhanced • Projects somewhat more in line with local priorities and goals • Driven by outside forces, opportunities missed to develop local institutions and strengthen local capacities • Expensive
AND CURRENTLY	'Developing countries should own, design, direct, implement and sustain the process themselves'	Capacity Development A focus on empowering and strengthening endogenous capabilities	<ul style="list-style-type: none"> • Makes the most of local resources – people, skills, technologies, institutions – and builds on these • Favours sustainable change • Takes an inclusive approach in addressing issues of power inequality in relations between rich and poor, mainstream and marginalized (countries, groups and individuals) • Emphasizes deep, lasting transformations through policy and institutional reforms • Values 'best fit' for the context over 'best practice'; as one size does not fit all

Source: (UNDP, 2010:8).

This study acknowledges that although the definitions are not the same word for word, they possess a similar understanding of the capacity development concept. In this research study, the version provided by the Austrian Development Agency (2011) is preferred. This study resonates with the principle of unleashing, strengthening, creating, adapting, and sustaining capacity to build efficiencies towards achieving organisational effectiveness.

3.5 A CONCEPTUAL FRAMEWORK FOR CAPACITY DEVELOPMENT

According to Bolger (2000), a capacity development conceptual framework comprises four key dimensions/levels; namely individual, organizational, sector/network and the enabling environment (refer to Figure 8). These dimensions/levels are referred to in the literature as critical elements for effective capacity development (Fukuda-Parr et al., 2002). In these dimensions/levels' capacity is grown and nurtured. Although the dimensions/levels appear separately, authors note the interdependencies that exist amongst them. This is essentially an integrated system, each dimension/levels' ability to perform depends on, and determines the strength of the other (Babu and Sengupta, 2006; UNDP, 2010).

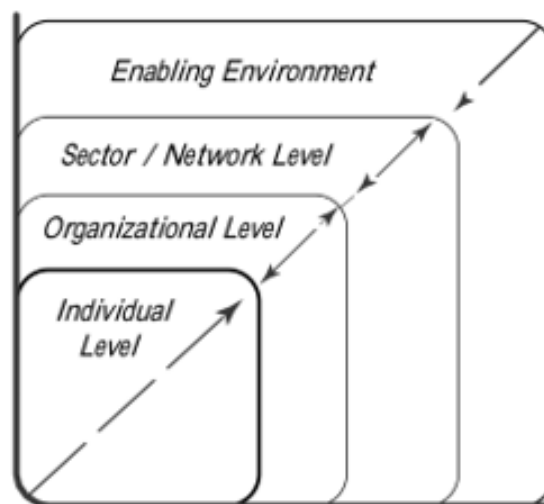


Figure 8: A Conceptual Framework for Capacity Development.

Source: (Bolger, 2000:8).

3.5.1. Individual level

The individuals level refers to ways in which individual skills, experiences, knowledge and abilities are harnessed to contribute to the realisation of development objectives (Bolger, 2000; UNDP, 2010; Vallejo and Wehn, 2016). This dimension examines the individual's function within the organisation (Babu and Sengupta, 2006).

3.5.2. Organisational level

The organisational level focuses on structures, processes, resources and management issues (Bolger, 2000). It is here that the better aligned the individuals

are to the organisational setup, the more chances are created to grow capacity. The UNDP includes internal policies, arrangements, frameworks and procedures that exist to determine organisational effectiveness (UNDP, 2008; UNDP, 2010). The organisational culture needs to be understood before embarking on capacity strengthening activities within the organization (Babu and Sengupta, 2006).

3.5.3. Network level

The network level highlights the importance of collaboration and partnerships across key sectors to strengthen capacity. This level moves away from the traditional relationships wherein entities compete and, encourages synergies amongst the different organisations.

3.5.4. Enabling Environment level

The enabling environment level is the broad context within which development processes take place (Bolger, 2000). This is a broader system within which the organisations and individuals operate in, that either promotes or hampers performance efforts. This includes policies, legislation, legal documents, power relations, strategies and social norms (UNDP, 2008; Vallejo and Wehn, 2016). An enabling environment created through policies, institutional arrangements and procedures are important to allow individuals to function effectively and to use the individuals' skills to benefit the organisation. For example, *'in order to narrow a potential capacity gap between men and women, it is important to create an enabling environment so that women feel comfortable to participate on boards, as well as, to incorporate broader gender equality perspectives on boards to increase gender awareness and understanding at the community level'* (World Bank, 2012:39). An enabling environment includes government policies and plans. In the South African context this includes the Mining Charter and MPRDA (Botha et al., 2012), National Development Plans (SA Department: The Presidency, 2012).and Limpopo provincial development plans (SA Limpopo Provincial Government, 2012), amongst others. Most of which hold mining companies accountable to support socio-economic development in mining communities.

3.6 APPROACHES, FRAMEWORKS/TOOLS FOR EVALUATING CAPACITY DEVELOPMENT

The literature on social sciences attempts to understand capacity strengthening and its role in development from various context using various approaches. Amongst these we recognise both qualitative and quantitative approaches;

- A qualitative approach – this approach recognizes an assessment of needs for capacity strengthening in various institutions relying heavily on participatory approaches (i.e., the involvement of group discussions and semi-structured qualitative assessments using questionnaires). These tools are used for identifying the capacity needs of organizations and individuals. However, these tools lack sufficient elements for capacity development, especially when existing incentives and motivation for encouraging participation are weak or lacking (Angeles and Gurstein, 2000).
- A quantitative approach – this approach is done by collecting data on specific indicators and measures to study the effectiveness of organizations performance, however, limited in providing process-related information. Through this, one can gather the capacity strength of an organisation. According to Babu and Sengupta (2006:42), *'while collecting data on specific indicators and measures of capacity could contribute to studying an organization's effectiveness, there is a gap in that suitable measures of success remain rudimentary'*.

The literature recognises the application of the abovementioned approaches in various capacity assessment and evaluation frameworks/tools.

Firstly, Otto et al. (2009) put together a Capacity Development Results Framework (CDRF). This is a unique approach to design, implement, monitor and evaluate capacity components to achieve development objectives. The establishment of this framework draws from existing theories and concepts that include project management principles, change management theories, capacity economics, and pedagogical science, also tracking and monitoring practices (Otoo et al., 2009). The framework provides a practical way of focusing on capacity factors that hinder progress on achieving development objectives and seeks ways in which lessons learned can be incorporated to enrich capacity factors. In its application, the

framework aids in understanding objectives, identifying capacity factors, bridges the gap from the current state to the desired state, and map change processes from learnings. Key technical features of the CDRF include a standard set of capacity indicators that can be improved through experience to drive the achievement of development targets. These capacity indicators may be tailored to situations but should always remain quantifiable. The indicators include:

- *'The conduciveness of the socio-political environment to the achievement of the goals;*
- *The efficiency of the policy instruments and other formal means by which the society guides action to achieve the goals;*
- *The effectiveness of the organizational arrangements that stakeholders in government and outside government can adopt to achieve the goals'* (Otoo et al., 2009:4).

Secondly, the literature recognises the Capacity Assessment Grid developed by McKinsey and Company, for the Venture Philanthropy Partners. This tool was deemed necessary after realising how funders and donor of Non-Profit Organisations (NPOs), such as CDTs, focus on supporting social initiatives and ideas, as opposed to developing organisations that can effectively implement those social initiatives and ideas (McKinsey and Company, 2001). The tool was designed to assist NPOs in assessing their organisational capacity weaknesses and strengths.

According to McKinsey and Company (2001), the grid should be used in conjunction with a capacity framework, which is explained by seven elements of organizational capacity and their components (refer to Table 4). The capacity framework comprises three high-level elements (aspirations, strategy, and organizational skills), three foundational elements (systems and infrastructure, human resources, and organizational structure), all of which are connected by the cultural element (McKinsey and Company, 2001). Through the grid, the reader scores the organisation against each organizational capacity element by choosing a text that best describes the organisation's performance. McKinsey and Company note that the grid is by no means a scientific tool - the scores are only meant to provide an indication of the organization's capacity level to determine capacity gaps and strengths (McKinsey & Company, 2001).

Table 4: The seven components of the capacity framework.

Capacity Assessment Grid: The seven components of capacity assessment	
<ul style="list-style-type: none"> • Aspirations: Mission, vision clarity and boldness, overarching goals. 	<ul style="list-style-type: none"> • Strategy: Overall strategy, goals/performance targets, program relevance, and integration, program growth and replication, new program development, funding model.
<ul style="list-style-type: none"> • Organizational skills: Performance management, planning, Fund-raising and revenue generation, External relationship building and management, Other organizational skills. 	<ul style="list-style-type: none"> • Human resources: Staffing levels, board – composition and commitment, board – involvement and support, CEO/executive director and/or senior management team.
<ul style="list-style-type: none"> • Systems and Infrastructure: Systems (Planning systems), decision-making framework, financial operations management, human resources management, infrastructure (physical and technological infrastructure). 	<ul style="list-style-type: none"> • Organizational structure: Board governance, organizational design, Inter-functional coordination, individual job design.
<ul style="list-style-type: none"> • Culture: Performance as shared value, other shared beliefs and values, shared references and practices. 	

Source: (McKinsey and Company, 2001:80-82).

Thirdly, Boesen and Therkildsen (2005) proposed a Results-Oriented Approach to Capacity Change (ROACH) Framework or tool. ROACH provides a comprehensive method to assist in thinking about capacity development and change. The framework takes a “*functional- rational*” and “*political*” view on how capacity is to be shaped and how it changes (Babu and Sengupta, 2006:43). The “*functional-rational*” dimension of an organisation is defined as the formation of an organisation to meet certain objectives under which, internal and external stakeholder agree for implementation and are driven to pursue them within specific rules, structures and processes. In this case, any poor performance will be associated with “a lack of...” classification. This could be a lack of appropriate structures, proper planning, lack of job-descriptions, lack of resources and lack of systems. Experience has shown that within this dimension, sensitive issues such as power relations, existing conflicts, informal structures and processes and the pursuit of other interests other than those intended by the organisation are often ignored. For this reason, ROACH

incorporates these sensitive issues under the “political” dimension to ensure that such issues do not go unnoticed (Boesen and Therkildsen, 2005).

The ROACH framework places organisational results/outputs at the vantage point and refers to organisations as open systems. Boesen and Therkildsen (2005) use Figure 9 termed the Six-box Model to explain internal elements required for an organisation to perform functions that convert inputs into outputs. Outside the six boxes, Figure 9 also illustrates that an organisation’s performance is not only determined by internal factors but by a wide context in which it operates. The context in which an organisation is embedded has a bearing on the conditions in which capacity develops (Boesen and Therkildsen, 2005). Within the six boxes, we observe the organisational strategy, leadership, reward, structures, internal relationships and useful mechanisms. Whilst four of the six boxes are described as fairly straightforward, Boesen and Therkildsen (2005) provide a special focus on the leadership and rewards box.

Leadership is central to ensuring sustainable capacity outcomes. According to Lopes and Theisohn (2003:6), *‘high capacity with poor leadership can make an organization stumble, but even with low capacities, sound leadership can move an organisation forward’*. The rewards box is given special focus mainly to explain its formal and informal context. The formal reward refers to remuneration, while the informal recognition includes professional pride, recognition associated with working for that organisation, personal growth, and satisfaction. Informal rewards are seen to be equally important because through formal rewards some individuals may not sufficiently be rewarded (Boesen and Therkildsen, 2005). Babu and Sengupta, (2006) add that unfavourable work conditions and low incentives can result in enormous erosion of capacity.

The tool recognizes factors that can be influenced and factors that can be appreciated within the context an organisation operates in.

- *Influenceable factors* include agendas, decision-making, actions, interactions and relations (Boesen and Therkildsen, 2005).
- The *appreciable factors* are those that can merely react to and adapt to change targets, processes and approaches. Structural and institutional factors fall within this class as their changes can be controversial, disputed

and are slow to change. Amongst the structural factors considerations is the history of their formation, the authoritative arrangement, social and ethnic structures, regional influences and investment regime (Boesen and Therkildsen, 2005).

Coulson et al. (2010) mention six components (structure, system tools, skills and awareness, inter-relations, incentives and funding) used to unpack the ROACH framework (refer to Table 5).

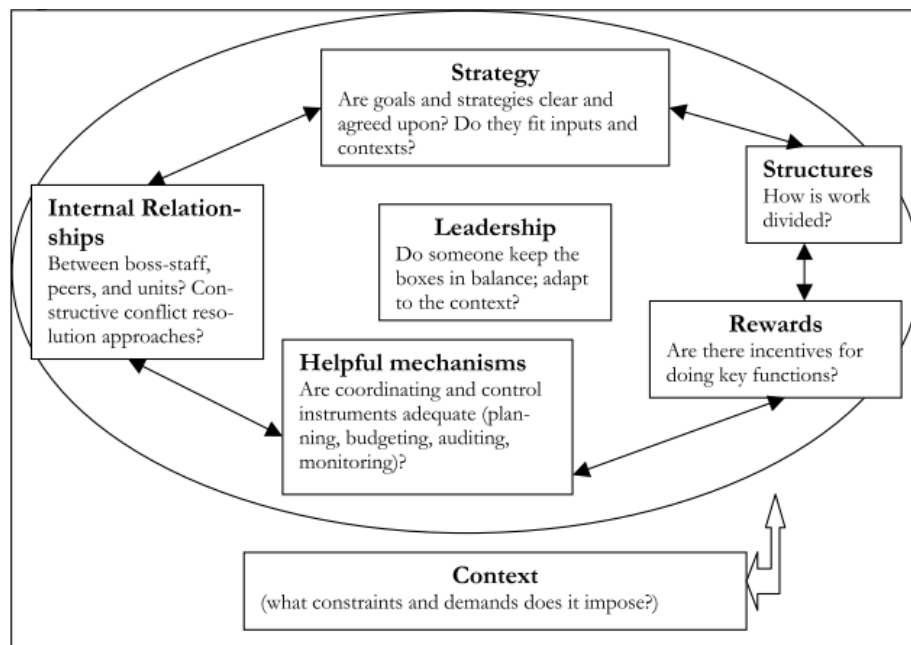


Figure 9: A simplified diagram that shows internal interactions within an organisation.

Source: (Boesen and Therkildsen, 2005:10).

Above all the approaches mentioned, this study prefers the application of the ROACH framework as a tool to evaluate capacity. Through ROACH, one takes a comprehensive outlook on capacity development, looking not only on the “*functional- rational*” dimension but also the “*political*” dimension. Also, ROACH acknowledges that capacity development changes can be overwhelming and provides guidance on how to embed capacity changes to enhance performance, for example;

- Changes should be based on what is possible to change rather than desirable opportunities, change must be driven from a premise of potential gains.
- Efforts to inspire capacity development changes at an organizational level often cause uncomfortableness and conflicts of power/authority. Strategies to manage these potential conflicts need to be scoped.
- To embed change within the CDTs there must be a clearly visible commitment and leadership to drive the capacity development changes.
- Timing is everything when exerting capacity development changes, bold and radical moves can be made only if the potential to create stability to the existing organizational dynamics. Otherwise, in cases of relative stability, a steady incremental approach can be applied over time (Boesen and Therkildsen, 2005).

Table 5: The six components of the ROACH framework that have a bearing on the development of capacity in any system.

ROACH: The six components of capacity assessment	
<ul style="list-style-type: none"> • Structures: Institutional structures, the structure between organizations/institutions, management, leadership and staffing of stakeholder organisations 	<ul style="list-style-type: none"> • Inter-relations: Institutional relations between institutions/organisations, internal organisational issues that are about relationships between different structures, categories of staff and individuals.
<ul style="list-style-type: none"> • System tools: Equipment, procedures, guidelines, audit systems and legal instruments defining and describing the process of work. 	<ul style="list-style-type: none"> • Incentives: Aspects affecting system performance, penalties, cultural elements, other government policies e.g., Affirmative procurement and action, rewards etc.
<ul style="list-style-type: none"> • Skills and awareness: Knowledge, skills and competency gaps, existing needs assessment, training provision and opportunities, formats and approaches to training, institutional arrangements for training 	<ul style="list-style-type: none"> • Funding: Pricing and cost, budgeting, the release of funds and the authority for financial decision making

Source: (Coulson et al., 2010).

Though the ROACH framework is used extensively in this study as a capacity development evaluation tool, the study acknowledges the framework's limitations and challenges. Firstly, ROACH has an over-reliance on good reliable information and secondly, the framework requires art to data interpretation. Through the tool,

several types of data points are collected; therefore, interpretation can be more demanding. This resonates with the case study approach proposed by Yin (2014).

3.7 RELEVANCE OF CAPACITY DEVELOPMENT IN COMMUNITY DEVELOPMENT TRUSTS

In 2008, the UNDP suggested that '*the achievement of international and national development targets hinges on capacities of individuals, organizations and societies to transform, to reach their development objectives*' (UNDP, 2008:2). Consequently, the UNDP argues that development targets cannot be reached in a sustainable manner by financial resources in the absence of well-functioning organisations, skilled and educated people, policies, laws and supportive strategies. Capacity development emphasizes the importance of understanding the 'problem' in its full dimensions, systematic analysis of opportunities and constraints, identification of windows of opportunity and promotions of strategic and integrated responses (Bolger, 2000). This situates the relevance of capacity development within mining development interventions, such as CDTs. Evaluating capacity development within the CDTs will provide knowledge on the key capacity drivers and constraints within CDTs, and guide on how capacity changes must be instituted to enhance the potential for various actors to contribute to the attainment of wider development targets (Taylor and Clarke, 2008).

3.8 SUMMARY OF LITERATURE REVIEW

This chapter situates influences that have driven the mining industry to contribute towards the sustainable development agenda. The chapter examines how CDTs have been used to drive CSR with the intent to obtain a SLO, manage social and environmental risks, manage stakeholder expectations, and to comply with legislative policies. Further, the chapter shows the success and failure factors for CDTs. The literature also reviewed the concept of capacity development.

CHAPTER 4: RESEARCH METHODS

4.1 INTRODUCTION

This chapter focuses on the research approach and design, research methods, sampling approach, data collection instruments and procedures. Furthermore, this chapter includes ethical issues that were important for this research together with the limitations of the study.

4.2 RESEARCH APPROACH AND DESIGN

This research used a qualitative research technique. Van Maanen (1979:520) defines qualitative study as *'an umbrella term covering an array of interpretive techniques which seeks to describe, decode, translate and the deduce meaning of certain naturally occurring phenomena in the social world'*. This definition resonated with the research objectives. In the more recent years, Mason (2002) described qualitative research as *'an exploration of an array of dimensions of the social world...and how they are interpreted after being understood and experienced by research participants'*. For this reason, the qualitative research technique proved appropriate as it allowed the researcher to understand how the Trustees made sense of their experiences within the Trusts against delivering on the Foundation tasks.

4.3 RESEARCH METHOD: SAMPLING

The participants were chosen using a purposive sampling method. This is a non-probabilistic sampling technique in which elements from the population are selected on purpose (Merriam and Tisdell, 2016). Included in the sample were Trustees from the four CDTs (Dikuno Tsa Sechaba, Rustenburg, Bohwa Bja Rena and Ditholwana Tsa Rena CDT) together with the Shareholding Trust (LLRT). Although the one CDT, Dikuno Tsa Sechaba had moved beyond the Foundation Phase, the Trustees were included in this study to share their experiences retrospectively. The Shareholding Trust was included in scope because it has close relationships with the CDTs. All Trusts (CDTs and the Shareholding Trust) comprised of 3 Independent and 2 Founder Trustees each, Independent and Founder Trustees were purposively sampled. The total number of potential research participants was 25, of which 15 were Independent and 10 were Founder nominated (Founder Trustees). From these, 15 respondents (3 Trustees from each Trust) were identified for interviews. The composition of the 3 Trustees chosen was

2 Independent and 1 Founder Trustee per CDT and the Shareholding Trust (see Table 5). To avoid any bias in the selection of key respondents, the Microsoft Excel program was used to randomly select the respondents. From the 15 selected respondents, only 9 were available for interviews within the study period (refer to Table 6). Note given the limited number of respondents, the CDTs are given a pseudonym in order to protect the identity of respondents.

Despite the limited respondent availability and time constraints, the number and composition of respondents were considered sufficient to gather considerable information to answer the questions posed in this study. The point of data saturation was not reached (saturation is where no more new information can be gathered from the participants (Merriam and Tisdell, 2016)). More data needs to be collected to reach saturation.

Table 6: Composition of research respondents in CDTs and Shareholding Trust.

Trust Type	# of sampled Founder Trustees	# of Interviewed Founder Trustees	# of sampled Independent Trustees	# of Interviewed Independent Trustees
CDT- A	1	1	2	1
CDT-B	1	1	2	1
CDT-C	1	-	2	2
CDT-D	1	-	2	2
Shareholding Trust	1	-	2	1
Actual # of interviewed Trustees		2 Founder Trustees		7 Independent Trustees

4.4 DATA COLLECTION TOOLS

This research study was conducted within a qualitative paradigm using semi-structured interviews. Interviews have historically been assumed as the '*gold standard*' for qualitative research (Harding, 2019:44). Qualitative interviews allowed the researcher to listen to the experiences and views of respondents for an extended period with the flexibility to probe in order to understand ideas in depth

(Harding, 2019). This approach was appropriate for the researcher to elicit information from the key respondents, basically, a conversation with a purpose.

In-depth, face-to-face, one-on-one interviews were the primary source of data collection. The interviews were conducted between November 2017 to August 2018. The interviews were 60-90 minutes long during and all were conducted by the author of this thesis. The interview protocols (refer Appendices 1 and 2) were prepared in English and were not shared with the respondents prior to the interviews. The interviews were conducted in English and Northern Sotho, both of which are languages that the interviewer (the author) is fluently conversant in. The interview protocols were divided into two sections as summarised below:

- Section 1

This section of the interview was structured, and it was used to gather socio-demographic data from the key respondents. These questions were standardised and enquired the respondent's age, sex, highest education and history of employment in Trusts (Alchemy Trusts and others) (Merriam and Tisdell, 2016).

- Section 2

This section formed the main part of the interview. The format of the interview questions was semi or less structured and open-ended. For this type of structure, the interview was guided by a list of questions or aspects to be explored but there was freedom to change the exact wording and order during the interview process (Merriam and Tisdell, 2016). This created flexibility which allowed the respondent to uniquely express themselves, also giving room for the researcher to make follow-ups for deep enquiry on interesting thoughts raised. The questions were designed ahead of the time, using the ROACH framework (Boesen and Therkildsen, 2005) as a guide. So, all six ROACH components (structure, system tools, skills and awareness, inter-relations, incentives and funding) were explored through key respondent interviews.

The list of questions comprised different types of questions, such as;

- Experience/ behaviour questions that focused on past actions and observations,
- Opinion questions that sought to establish the respondent's thoughts,

- Feeling/emotions questions that focused on respondents' emotional experiences,
- Knowledge questions that focused on what the respondent considers as '*fact*' (Harding, 2019).

Through these questions together with the flexibility to probe, the researcher was able to gauge the respondent's experience, opinions and knowledge towards answering this study's research questions. Further, some questions and probes assisted in understanding the respondent's feelings /emotions. This was useful, as it assisted in revealing other hidden insights.

4.5 DATA ANALYSIS

Notes and audio recordings were captured during the interviews. The audio recordings were translated and transcribed (as per consent) in verbatim. Respondents' views were summarised, captured as points, analysed thematically, and tabulated against the relevant ROACH components using an excel spreadsheet. To capture the essence, tone and feelings of the respondents, verbatim quotes were recorded on the excel spreadsheet against the themes. The findings under each ROACH component was examined to understand capacity successes and challenges. Pseudonyms were used to identify all nine respondents. The respondents' quotes were identified by the use of random alphabets to protect their identity.

4.6 ETHICAL CONSIDERATIONS

The nature of this type of data collection warranted ethical clearance from the University of the Witwatersrand Human Research Ethics Clearance (Non-medical), which was obtained in November 2017. Refer to Appendices 3 for the Ethical Clearance Certificate (certificate number H17/11/28). Ethics are critical to any study and ensure legitimacy in carrying out research. Ethical clearance guides that consent should be granted before interviews, audio recordings and the transcription thereof. After reading and signing the consent forms, respondents were aware that;

- Participation in the interviews was voluntary and kept anonymous.
- The information given would be held securely and kept confidential.
- All audio recordings of interviews would be destroyed two years after the research period (11 December 2020).

- Pseudonyms would be used in reporting of results in efforts to ensure anonymity.
- No payments would be given for participation; however, information was collected to strengthen capacity factors that are instrumental for delivering on the CDTs tasks in the Foundation Phase.

Overall, the respondents were advised of the freedom to withdraw from the study processes at any time, should they feel uncomfortable. The respondents understood that the research outcomes will be shared with the Founder (AAP) and the Alchemy board of Trusts for the purpose of strengthening the next phases of the CDTs.

4.7 CREDIBILITY AND VALIDITY OF THE STUDY

This is the section that provides assurance that the data was properly collected and interpreted, ensuring that the findings and conclusions reflect the views of the respondents.

A more rigorous methodological strategy had to be entrenched in judging the study outcomes (Lincoln et al., 2011), as I have played and continue to play a role in supporting the Alchemy CDTs. This was to certify that the procedures used were credible and faithful. Interviews recording of the study were transcribed and, read for accuracy and validity. The study data was thematical analysed against the predetermined ROACH components. The study coding was shared with an experienced researcher to validate the use of the data. The study also used detailed descriptions of findings in the form of quotes from respondents' interviews, this ensured transferability. Also, the sample chosen by Excel included participants from different Trusts with different responsibilities, varied qualifications and backgrounds, gender mix and different terms of office. This enabled a compilation of less homogenous views and ensured different perspectives were shared in the research findings.

4.8 LIMITATIONS

According to Yin (1994), it is typical for researchers to encounter problems when conducting data collection. From the 15 key respondents (3 Trustees from each Trust) were identified for interviews, only 9 were interviewed. I encountered access barriers in my attempts to secure interviews with 3 potential

respondents. The other 3 potential respondents could not be interviewed because of time limitations.

Another limitation of the study was that views of some players that influenced the progress of the Foundation tasks such as the support staff (i.e., CDTs' operations managers, administrators, AAP support staff), the beneficiaries (community representatives and members) and the government officials (municipality managers, school principals) were omitted from the study. Time and resource constraints were the major reason for the omission. As such, further research might be needed to include views other than those of the Trustees to guarantee a comprehensive set of recommendations regarding capacity development to achieve the Foundation Phase deliverables.

I am aware that being known to the respondents could have been perceived as a strength and a weakness. Being known by the respondents could have limited the respondent's levels of openness during the interviews. However, my familiarity with Alchemy strengthened the data analysis.

4.9 SUMMARY

This chapter discussed the research approach and design, research methods, sampling approach, data collection and tools used for analysis and research ethics.

CHAPTER 5: FINDINGS

5.1 INTRODUCTION

This chapter presents the data collected after examining capacity factors that promote and impede success for achieving Alchemy CDT Foundation tasks. Furthermore, the chapter offers recommendations made by respondents to practically guide the enhancement of capacity within the Alchemy CDTs. Anonymised quotes are included in this chapter to illustrate the views of respondents.

The key respondents found the interview platform as an appropriate reflection session. All the respondents expressed words of encouragement, support and rich data was acquired from the data collection sessions. A few respondents went further to encourage further studies to be conducted.

5.2 DEMOGRAPHIC RESULTS

From the nine interviews conducted, the respondents were highly skilled, educated individuals with long professional work experience. Out of the nine respondents, three were female and collectively the respondent's age ranged from thirty-eight to sixty-five years (refer Table 7). All nine respondents served in the Alchemy CDTs for two to five years whilst four of the nine respondents had the experience of serving in other development Trusts. The respondents were all well qualified with graduate and post-graduate degrees from the engineering, finance, sciences and the humanities faculties.

Table 7: Demographic results of the key respondents.

# of key respondents	Gender	Age Range	Yrs in Alchemy CDT	Type of Trustee
3	Female	38-65	2-5 yrs	7 Independent Trustees
6	Male			2 Founder Trustees

5.3 KEY CAPACITY FACTORS THAT PROMOTE SUCCESS TOWARDS FULFILLING THE CDTs FOUNDATION TASKS

This section outlines capacity development factors that promoted success within the CDTs. Essentially, these are capacity factors that can be leveraged to further enhance the performance of the Alchemy CDTs. Table 8 outlines the ROACH components with key interview enquiries to assist in putting the findings into perspective. Summaries of major success factors are captured alongside the ROACH components.

Table 8: ROACH components against the respondent’s responses outlining capacity factors that drive success.

ROACH components	Summary of major findings
<p>1. Structure: Institutional structures, the structure between organizations/ institutions, management, leadership and staffing of stakeholder organisations</p>	<ul style="list-style-type: none"> • Respondents perceived the Alchemy initiative structure as innovative and well researched • The Trustee composition was perceived as beneficial for various reasons i.e. Enabled robust decision-making • The Alchemy structure was recognized for being able to attract diversely skilled Trustees • Respondents viewed executive Chairpersons as an advantage • Having access to the Founder’s organizational resources received mixed reviews from respondents
<p>2. Inter-relations: Relations between and within Trusts, institutions/ organisations, internal organisational issues that are about relationships between different structures, categories of staff and individuals</p>	<ul style="list-style-type: none"> • Harmonious relationships existed amongst Trustees within the CDTs • Positive interactions across the different Trusts
<p>3. System Tools: Equipment, procedures, guidelines, audit systems and legal instruments defining and describing the process of work</p>	<ul style="list-style-type: none"> • Founder policies and procedures were viewed as valuable resources
<p>4. Incentives: Aspects affecting system performance, recognition and remuneration</p>	<ul style="list-style-type: none"> • Respondents chose to participate in the Alchemy CDTs for personal fulfilment, leaving a legacy, giving back to the broader society

<p>5. Skills and awareness: Knowledge, skills and competency gaps, existing needs assessment, training provision and opportunities, formats and approaches to training, institutional arrangements for training</p>	<ul style="list-style-type: none"> • Respondents appreciated the high levels of education and skill diversity within Trusts
<p>6. Funding: Alchemy funding model and budgeting</p>	<ul style="list-style-type: none"> • Respondents commended the Alchemy funding model

5.3.1 Structure

Within the structure component, the respondents pointed out organisational arrangements that promoted the achievement of the Foundation Phase tasks.

Respondents perceived the Alchemy initiative as innovative and well researched.

The Alchemy structure (refer to Figure 3) was generally recognised as an innovative, well-researched approach to development. To support this statement, respondents mentioned numerous characteristics namely;

- The structure allowed for Trust Deed co-design with beneficiary representatives (Working Group) pre-trust establishment.
- The structure was flexible and allowed the Shareholding Trust to identify projects for execution prior to the CDTs Public Benefit Organisation (PBO) registrations.
- The structure was allocated multiple streams of funding besides dividend. This ensured a continuous flow of funds to the CDTs.

One of the respondents praised Alchemy for the high stature the initiative seemed to possess in AAP.

‘what’s important is that the structure is unique and it is aligned to the organization...It manifests when you start to see a separate budget for a structure, the structure being a part of the strategic planning process, reporting process ...up to board level in terms of accountability and allocation of serious resources including senior executives in the organization’ (Respondent E).

The Trustee composition was perceived as beneficial for various reasons i.e. Enabled robust decision-making.

The Trustee composition during the Foundation Phase (two Founder and three Independent Trustees) was appreciated by the Founder and Independent Trustee respondents. The Founder Trustee respondents acknowledged that through this composition, the Founder had direct oversight on the Trusts' business. There was also an observation that during the Foundation Phase, the Founder saw it fit to select senior mine management or individuals with a great deal of community development knowledge and decision-making influence within the Founder organisation itself. These individuals were ideal due to their level of authority in the company, in-depth knowledge of the benefit area, relationships with the local stakeholders and some with experience of running mining operations. Both Founder Trustee respondents admitted that their participation as Founder Trustees enabled them to fast-track of some Trust processes.

Another respondent celebrated constructive robust deliberations in the board meetings.

'So, you're quite right, I think it is robust there, and it is also humbling in that sense that you are mostly engaging with people that don't owe you any respect due to hierarchy or anything, and they will push you...' (Respondent H). The respondent was validating that decisions were well deliberated, unbiased and thought-out.

Also, some Independent Trustee respondents acknowledged that serving on a Trust in an unfamiliar setting was a good learning opportunity. However, the learning had to happen rapidly to enable Trustees to make informed development decisions.

'What I love about my job is that I am operating in a completely new area that I don't know much about, it's a new culture, a culture shock, it teaches you that this is not about me alone, it's about this community, I need to learn fast to understand their priorities, their dynamics and how they receive people from outside' (Respondent B).

Respondent B further remarked that not being from the area was an advantage for not being easily corrupted.

'You see what I appreciated was that, one of the reasons I was driven to be taking [location X] was that the Founder was trying to take me away from home because you can easily be corrupted, not that I am easily corrupted but they [the designers of Alchemy] have said no, let's avoid putting people in their areas because it can cause a whole lot of problems'. The respondent's views on corrupt practices were not probed, however, the respondent was merely sharing views and thoughts on CDTs that could have either been acquired through experience, knowledge or publication reports. This respondent viewed the role of an Independent Trustee as a governance guard - a means to curb corruption.

The Alchemy structure was recognised for being able to attract diversely skilled Trustees.

The demographics results indicated that all nine respondents held graduate degrees. Further, eight of the nine respondents held post-graduate degrees. These results illustrated that these Trustees were amongst some of the highly educated pupils within the South African society.

Respondents viewed executive Chairpersons as an advantage.

Currently, Chairpersons of the CDTs are appointed on a non-executive basis. A minority of the respondents indicated that having a Chairperson that was fully committed to the Trust operations served as a driving factor for performance. Although the respondents did caution the governance risk associated with this practice, the respondent acknowledged that this arrangement gave the CDTs great mileage.

'...so, the Trust can be really successful if you have got the right people in the right positions in terms of your operations manager as well as your Chairperson of the board... the fact that the Chairperson was sort of like investing a significant amount of time into this Trust actually did help in getting quite a few projects off the ground...' (Respondent C).

Having access to the Founder's organizational resources received mixed reviews from respondents.

Looking back at Figure 5, besides the support resources procured by the CDTs, additional organisational resources were made available by the Founder to support the CDTs' processes, from establishment through to operations. The Trusts

leveraged these Founder resources without incurring any charges to the Founder. For this reason, the Founder was also acknowledged for being a valuable partner to the Trusts by a minority of the respondents. Similarly, a minority of the respondents also shared negative reviews regarding the Founder support resources section 5.4.

'I think the association with Anglo is a strength on its own, you can argue and say it's a strength and weakness, but the availability of technical and professional functions, the availability of tools and people from projects, from procurement etc. It's got to be a strength because you would otherwise have to end up having to appoint a whole number of people' (Respondent E).

'I think I'd like to separate social performance from the other Anglo functions for the simple reason that there is already a wealth of knowledge in terms of our local communities that are already sitting there, so in terms of the basic research that we have to do and the institutional knowledge, we always say take these things with a pinch of salt but it's important for us that we don't have to reinvent the wheel' (Respondent E).

5.3.2 Inter-relations

Harmonious relationships existed amongst Trustees within the CDTs.

The respondents highlighted organisational cultural practices and relationships that existed within the CDTs that enhanced performance. Overall, the respondents admitted to having harmonious relations amongst each other.

Positive interactions across the different Trusts.

From a relationship-building perspective, the Joint Committee of Chairs (a formal quarterly consultative meeting of Chairpersons) was acknowledged as a good platform to share experiences with other CDTs Chairpersons. The Alchemy Alignment sessions (formal session organised by the Founder) were also acknowledged as platforms that initiate formal relationships across the different Trusts.

In some cases, respondents admitted that the relationships initiated through the above-mentioned platforms have manifested into a resource-sharing model. For example, after the conclusion of the Foundation Phase in one of the Trusts, a former Chairperson was procured as an Operations Manager in two newly formed

CDTs. This arrangement was viewed as advantageous for the newly formed Trusts by one respondent. The respondent added that the newly formed Trusts can leverage on the Chairperson's relationships, knowledge acquired and most importantly the lessons learned. Broadly speaking, this practice was admired for its potential to strengthen capacity within the Alchemy initiative, avoiding competition between Trusts.

5.3.3 System Tools

Founder policies and procedures were viewed as valuable resources.

A respondent acknowledged the privilege of leveraging and adapting AAP policies and procedures within the CDTs. The respondent argued that because AAP is a listed company, there was an assurance that the CDTs were leveraging top-class documents that were guided by sound corporate governance. Further, the respondent admitted that the CDTs had the advantage of not drafting these instruments from scratch, but only customising them to streamline decision-making.

'I think Alchemy had a unique benefit of actually being able to use the policies and procedures, used for Anglo Platinum, which is already probably from a governance perspective at a very, very high level... so I think that the fact that you can say well the trust hasn't done its own, and they were definitely guided by the bigger Anglo American Platinum, however, taking some of the complications out to streamline certain decision-making. It is really a big benefit in terms of having a very regulated environment to piggy-back on' (Respondent C).

5.3.4 Incentives

Respondents chose to participate in the Alchemy CDTs for personal fulfilment, leaving a legacy, giving back to the broader society.

To ascertain what drove the Trustees to be part of the Alchemy, a question was asked to understand the motivation behind their participation. Eight of the nine respondents shared sentiments of having a strong passion for community development; *"how can I make a difference"*, *"making a contribution"*, *"sharing knowledge"*, *"leaving a legacy"* were some of the phrases expressed. Three respondents relayed powerful motivations for their involvement.

'... although we are now in a new democracy, we still have a long way to go in bridging poverty unemployment and inequality, so comparing a child growing up in town and a rural village, there are huge differences in terms of development, infrastructure, exposure, the schooling system has got so many limitations, so, how do I play a role in bridging the gap' (Respondent F).

'So for me, the largest benefit was just seeing the small difference made in communities, because for a very long time, I have, particularly with the mining sector, I have often felt that you know there is very limited social justice in this country and when the Mining Charter came out and I saw that now mines would be expected to do 1,2,3 to communities you know, I was happy that I was going to contribute to real development' (Respondent D).

'It's just that I wanted to experience, what the corporate world is doing you know, about community development? what is their thinking? what is their approach? why are they not getting things right?... because all the time there are all these challenges you know, communities are fighting with these mines you know, it doesn't stop, so I was like I think it's important for one to go inside, and try and understand where do we meet each other as a community and the corporate world?' (Respondent B).

All seven Independent Trustee respondents (those that are eligible for remuneration) added that their participation was not motivated by financial gains. Their responses can be summarised by the quote below:

'...if you're going to select people that still need to live off the stipend, you are making a mistake', "I don't think money was ever the attraction to me you know, I think what was more important was to contribute at a grassroots level' (Respondent E).

For Founder Trustee respondents, being part of the Trust was on the first basis, a nomination by the Founder. One of the Founder Trustee respondents added that being a Trustee was a completely new venture and the motivation for participation was linked to the keenness to acquire new knowledge.

5.3.5 Skills and awareness

Respondents appreciated the high levels of education and the skill diversity within Trusts.

There was a strong sense of admiration for the calibre of Trustees. Collectively, the respondents valued the diverse skills and experience that Trustees had, together with sound community development knowledge. These qualities were recognised for driving robust decision-making. As an example, a respondent expressed observations on the decision-making dynamics as;

'We (Independent Trustees) were coming from an approach of development, that we're not just a development Trust to develop this community but we must be developmental even in the way we make decisions' (Respondent D). The respondent further elaborated to say that the Founder Trustees were perceived to make decisions based on risks whereas the Independent Trustees made decisions based on the potential to empower.

5.3.6 Funding

Respondents commended the Alchemy funding model.

Most respondents acknowledged the CDTs' privilege as shareholders in AAP and benefiting from continuous funding. Funding is a key enabler to accomplishing the development mandate. It certainly was a critical factor for the CDTs to function and formed a good financial base that can be strengthened through partnerships.

'And the fact that you have got a repeatable source of funding. Remember the source of funding now is no longer guaranteed, it can be there in one year and it might not be there, you know, organizations do that...but here (Alchemy CDTs) you have a mechanism that says you will get a minimum of so much and that enables certainty in planning' (Respondent E).

'Alchemy can raise a lot of money outside of Anglo, Alchemy should be sitting down with, you know... Stillwater, Impala, etc., and say guys this is what we're doing, we have a Trust here as an implementing agency, this is their programme, this is what they have done, and this is what they are going to do, therefore, we think together we should be doing this' (Respondent I).

5.4 KEY CAPACITY FACTORS THAT IMPEDE SUCCESS TOWARDS FULFILLING THE CDTs FOUNDATION GOALS

The respondents were clear in articulating factors perceived to constrain or impede success towards reaching the Foundation goals set out in the Trust Deeds. Table 9 below summarises major findings in this regard against the six ROACH components. Table 9 also outlines the ROACH components with key interview enquiries to assist in putting the findings into perspective.

Table 9: ROACH components against the respondent’s responses outlining capacity factors that impede success.

ROACH components	Summary of major findings
<p>1. Structure: Institutional structures, the structure between organizations/ institutions, management, leadership and staffing of stakeholder organisations</p>	<ul style="list-style-type: none"> • Despite the intention to form allies through the established Working Group, challenges emerged in some cases • Projects inherited from the Shareholding Trust introduced problems • There was a perception that the Shareholding Trust was cumbersome • Gender issues within CDTs boards and other Trust associated structures • The exclusion of youth on the board of Trustees was perceived as a gap • Gaps were identified within the operational structures • Respondents viewed the lack of local representation within the Trusts negatively
<p>2. Inter-relations: Relations between and within Trusts, institutions/ organisations, internal organisational issues that are about relationships between different structures, categories of staff and individuals</p>	<ul style="list-style-type: none"> • Are these CDTs independent? • Some respondents were unclear about the Founder support staff’s roles and responsibilities • Respondents treated relationships cautiously • Founder Trustees were criticized for lacking commitment
<p>3. System Tools: Equipment, procedures, guidelines, audit systems and legal instruments defining and describing the process of work</p>	<ul style="list-style-type: none"> • Inadequate guiding templates, policies and procedures, monitoring and evaluation tools that supported development work
<p>4. Incentives: Aspects affecting system</p>	<ul style="list-style-type: none"> • Views that remuneration was not market-related • Inadequate recognition to Founder Trustees for

performance, recognition and remuneration	their work in the Trusts
5. Skills and awareness: Knowledge, skills and competency gaps, existing needs assessment, training provision and opportunities, formats and approaches to training, institutional arrangements for training	<ul style="list-style-type: none"> • Most Independent Trustee respondents felt that the induction training was weak in comparison to the scope of work
6. Funding: Alchemy funding model and budgeting	<ul style="list-style-type: none"> • The fixed budget restrictions were viewed as performance constraints • In the absence of PBO registrations, the authority for financial decision making needed to be streamlined

5.4.1 Structure

Despite the intention to form allies through the established Working Group, challenges emerged in some cases.

Though the Working Groups allowed the CDTs to build ‘*allies*’ in the communities, in some cases the respondents argued that this process created a sense of entitlement amongst the WG members.

Sentiments from some of the WG members as captured by the respondents were summarised as ‘*I helped you establish a base of knowledge of the community, so you need to help me by providing business opportunities on my terms*’ (Respondent A). The respondents who experienced this practice referred to these sentiments as ‘*gatekeeping*’. Further, the respondents claimed that it slowed the CDT’s momentum tremendously because numerous engagements were needed to resolve this issue. Therefore, despite the intention to form a cordial relationship with the WG after the Trust’s establishment, the WG continued to pose challenges for this Trust.

‘*There was a Working Group which had already done some kind of spadework and they kind of handed over to us... there were challenges there, there will always be challenges because we don't see things the same way*’ (Respondent B).

Projects inherited from the Shareholding Trust introduced problems.

Before the CDTs registration as Public Benefit Organisations (PBOs), the Shareholding Trust had a mandate to facilitate the flow of funds to communities through project implementation. Although this process was viewed positively by some respondents, the acknowledgement of challenges associated with this model cannot be overlooked.

Firstly, six of the respondents highlighted the difficulty of inheriting commitments made on their behalf. Further, these respondents added that most legacy projects inherited from the Shareholding Trust were perceived to not address the community's key socio-economic requirements by the beneficiaries. Consequently, the rationale of project selection was questioned by beneficiaries. Since the Shareholding Trust had communicated these projects to beneficiaries, it was difficult for the CDTs to repurpose or abandon these projects.

'... some projects were on the go, but those things came from Lefa La Rona ...but for me, if I am just taking a view now and I am being brutal with myself, I am saying but I don't believe that these are the projects that if we had been enabled in 2016 I would have started with - I would have had a mix between immediate needs and long term and this would have enabled me to engage the community properly because I would have come in with a clean slate' (Respondent E).

"as soon as we got started, you realize that because this is not something we are taking from scratch, it's been in existence, there are legacy issues, you don't know who has been promised what, you don't know who hasn't come to the party as far as the previous conversation but now you must own up to it." (Respondent I).

Of these respondents, one added that the project handover process, from the Shareholding Trust to the respective CDT was poorly managed. Frustrations with the handover process were accentuated by the fact that people who initiated the projects were no longer part of the Shareholding Trust's operational structure, while some were in the process of exiting the structure. The respondent added that it took a good six months to try to reconstruct the picture.

“The handover on those projects was terrible, I mean documentation did not exist, I mean we had one meeting called handover, and we were literally marched into; ‘these are the consultants, this is what you have to do’, we had no briefing whatsoever of the role and why these consultants... we spent a lot of time reconstructing the picture” (Respondent I).

Another respondent mentioned that having to proceed with Foundation projects that were identified by the Shareholding Trust was premature as this did not consider the readiness of the environment to accept the Trust’s development mandate in the area.

‘Foundation Phase... giving an example, we inherited some community project which we had to do most of the time... the environment was not conducive, we were sort of ticking the box, while the environment itself is not conducive, we were taking development to people who do not understand what our mandate was’ (Respondent A).

There was a perception that the Shareholding Trust was cumbersome.

The design of Alchemy advocated for an organisational network between the Shareholding Trust and the CDTs. These organisations needed each other for resources (such as support services, funding, decisions and information) to achieve their developmental goals (Dikuno Tsa Sechaba CDT, 2013). Less than half of the respondents perceived this structure as *‘top heavy’* - meaning too many organisational levels of management.

From the CDT level, respondents from three different CDTs expressed a view that the Shareholding Trust acted like *‘big brother’* – a phrase best known to describe older sibling behaviour and/or having authority over the other.

‘There are some frustrations that the other board members encounter especially with the existence of the Shareholding Trust in the middle being almost like a big brother’ (Respondent H).

‘I found the structure of Shareholding Trust in relation to the development Trust not properly aligned. There are not policies that empower the Shareholding Trust vis-

a-vis the Development Trust. Development Trusts regard themselves as also semi-autonomous and some of them go to the extent of thinking they're completely autonomous from the Shareholding Trust because the lines were not clearly drawn... the Shareholding Trust has no powers to sanction anything' (Respondent G).

These findings illustrated that there was a sense of disempowerment and contestation of power between the CDTs and the Shareholding Trust. Although articulated in the respective Trust Deeds, the role clarity between these entities seemed unclear in practice.

Gender issues within CDTs boards and other Trust associated structures.

Gender dynamics within the boards and other Trust associated structures were viewed negatively by a minority of the respondents. There was a sense that females were marginalised within Trust boards and were in most cases in the minority.

'I mean for my point to be taken seriously, a male has to agree with me you know' (Respondent D).

'In conclusion, I want to say, this is a learning curve, with everything that I have been exposed to since 2015 from the socialization. You had really male-dominated teams, from the working group to the Founder (mine teams),... so the transformation is still a challenge, that needs to be escalated' (Respondent B).

These respondents motivated a good case for the incorporation of females as Trustees (Founder and/or Independent) and within the Founder support staff. The Deed clearly articulated requirements of gender balance (refer to Chapter 2). However, all four CDTs were not constituted properly in this regard. None of the CDTs had females serving as Founder Trustees.

The exclusion of youth on the board of Trustees was perceived as a gap.

Although the management structure was not faulted by the respondents, a respondent was critical about diversity, particularly the need to include youth on the boards of Trustees.

'You can't just all the time be saying experience, experience, ... I believe in mix because these young ones with fresh ideas and all that, you will be surprised how much you can learn from them, and they will also learn from you about your experience, so we teach each other and you can imagine what will come out of that, a wealth of knowledge and everything' (Respondent B).

The lack of young people in board management was reflected in the demographics data shown in Table 7. The age group of the individuals interviewed ranged from 38 to 65 confirming the lack of youth in the board management structures. Note that the Trust Deeds were not prescriptive about age requirements (Dikuno Tsa Sechaba CDT, 2013).

Gaps were identified within the operational structures.

Various thoughts were expressed around the operational structure. Seven respondents argued that the executive or operational structure was currently under capacitated. According to the views expressed, the gaps within the operational structure negatively affected the efficiency of the implementation process. In fact, in some Trusts, Trustees were seen acting as executives just to get traction on the Foundation deliverables. Although governance-related caution was voiced in this regard, most Trustees appreciated results associated with these acts.

To compensate for the restrictive budget allocations, some interview questions probed the appetite for the individual Trusts to form partnerships (as called out in the Trust Deed) to secure more resources towards fulfilling the Trusts' development mandate. All nine respondents agreed on the importance of partnerships. However, they cautioned that the CDTs are structurally not geared to source partners.

'...I don't know whether we have got the skill for it' (Respondent E) while others mentioned the desire to approach partners more proactively but were preoccupied with other Foundation deliverables.

One respondent shared an experience associated with forming partnerships at local government and Traditional authority level.

'...I think this integration is important however, you need to invest time to form those collaborations and I don't think there was enough time invested in forging those relationships. Government departments associate the CDTs with the mine, associated with elements of mistrust, hence it takes a long time to change perceptions and form productive meetings. They tend to seek handouts which go against the Alchemy principles' (Respondent D).

The comments made by respondent D suggested that there were resources (personnel, skills and time) gaps within the CDTs operational structures that constrained the delivery of some Foundation tasks.

Respondents viewed the lack of local representation within the Trusts negatively.

Five of the nine respondents felt the CDTs' operational structures were imposed by the Founder and had insufficient local capacity. Respondents mentioned that the operational structure was consultants heavy, an approach perceived not to be value for money, especially for a development Trust. Also, the structures did not uphold some respondents' desire to include employees from the local communities. Overall, there was a strong emphasis on the need for local structures from the respondents.

'I have always advocated that we need community facilitators, you know, at a community level, sometimes there is such a huge gap, and information is not flowing, because we do not have a facilitator in the community who normally communicates issues...' (Respondent F).

Of the five respondents, a respondent mentioned that not having a local office made it difficult for the CDT to keep up with all the community issues. Therefore, the CDT failed to respond to beneficiaries promptly.

'We need a local office, we find ourselves chasing lagging indicators, community-related matters change quickly after the board meets' (Respondent B).

To support the above, respondents pointed out the advantages associated with locally-based support staff;

- Locally based staff will serve as the face for the CDT, a touch-point with the community members. This will allow swift communication between beneficiaries and the CDT.
- Through the local staff, the CDT will always have knowledge of the sentiments and mood on the ground (knowledge of issues, challenges and social capital).

5.4.2 Inter-relations

Are these CDTs independent?

Although the CDTs were formed to be independent structures from AAP, the respondents expressed a sense of imposition felt from the Founder. More than half of Independent respondents expressed that it felt strange to hear the Founder conveying phrases like *'this is what has worked with the previous CDT.'* In a way, the respondents felt the Founder was providing a blueprint for the CDT. *'Too influential,' 'non-consultative,' 'imposed'* are more phrases that respondents highlighted which seemed to undermine the independence of the CDTs. The respondents expressed not feeling empowered to make changes on the Trusts' operational processes and less empowered to push back on practices and staff inherited from Founder.

Some respondents were unclear about the Founder support staff's roles and responsibilities.

A minority of respondents (those that did not represent the Founder) expressed being unclear on the roles and responsibilities of the Founder appointed support staff. One respondent even mentioned not being clear about the value that the Founder staff was adding to the Trust processes. To these respondents, it seemed as if the Founder wanted to keep the CDT close, with multiple layers of oversight to exercise control and/or to be fully involved in the Trust operations. These respondents noted they needed to understand the role of the Founder support staff and their accountability lines in AAP. A more formal introduction and explicit role clarity must be provided to Trustees.

'Sometimes I ask myself, it's like some of these people are here forever, the Trust has no room to strategize' (Respondent B). Another added *'my views are that*

support structure is too influential and I think pushes the Trust into a particular direction' (Respondent F).

Respondents treated relationships cautiously.

Female respondents from two different CDTs noted that navigating relations between Trustees was somewhat sensitive to powers. Further, these respondents added that it was seldom difficult to discipline anyone or hold persons into account. So, although the relationships were healthy, the respondents were cognisant not to have uncomfortable conversations that may cause uneasiness.

'...you're also sensitive to the fact that you don't want to break relations unnecessarily' (Respondent B).

Founder Trustees were criticized for lacking commitment.

A small minority of respondents highlighted how most Founder Trustees upheld low levels of commitment to the Trust processes.

'...There was a lot of commitment at the beginning from the Founder nominated Trustees but you know we have people retiring from the company, we have had replacements that did not follow through the commitment and that creates a lot of frustrations for the Independent Trustees... so don't only have General Managers and high-level executives whose calendars are bound to change when the Department of Mineral Resources steps on the door' (Respondent I).

It appeared that the Founder Trustees had more important things to do and that, the Trust was low on their priority list.

5.4.3 System tools

Inadequate guiding templates, policies and procedures, monitoring and evaluation tools that supported development work.

Visible and clear guiding instruments in the form of templates, procedures and policies were viewed as enablers for efficiencies by respondents. Respondents agreed on the importance of procedures and guidelines to create clarity on reporting standards, timelines, roles, communication channels and frequency, templates (minutes capturing, reporting) and overarching selection criteria of

projects and service providers. All respondents were aligned in expressing that this type of instruments either did not exist or was introduced late hence the Trusts experienced inefficiencies.

- **Views on policies and procedures.**

'We introduced policies perhaps too late...that late introduction was also a big challenge...Maybe if we were given an opportunity to do things as just the board of Trustees perhaps something different could have come out and our views could have been heard more' (Respondent F).

Also, *'the absence of a charter, policies, delegation of authority in the inception of the Trust and being developed as the Trusts does its work... is a governance risk...So I think there should be more efficient if the systems are in place'* (Respondent H).

- **Views on Trust Deeds.**

Some respondents expressed that the Trust Deed itself constrained efficiencies. *'The Trust Deed itself is too rigid and too operational,'* (Respondent I). This respondent advocated for a simplified Trust Deed that should be accompanied by an operational procedure. The respondent went further to highlight that although some operational processes were spelled out in the Deed, in some cases, the Deed failed to provide operational guidance on key processes. For instance, the Deed mentioned the board should send quarterly reports to the Shareholding Trust.

'I work across regions and I cannot just send an email and say I want a report, I provide a template because you will end up with a two paragraphs email as a report or someone gives you a PowerPoint back as a report' (Respondent I). This respondent made a point that the Trust Deed should be limited to spelling out legal binding Trust requirements, CDTs' operational policies and guidelines should complement these. These policies and guidelines should be limited to outline criteria on project selection, service providers, templates for minutes and reporting standards. Although the contents of these documents will differ, value and efficiencies will be created through their alignment.

Respondents shared mixed views on their interpretation of what marked the conclusion of the Foundation Phase. Mainly because, the Deeds' supporting documents marked the Foundation Phase as a two-year process, whereas the Deed mentioned '*...the day on which the initial Community Trustees assumes office*' (Dikuno Tsa Sechaba CDT, 2013:44). Most of the respondents agreed that two years was placed as a guide - meaning that the Foundation Phase should not go on indefinitely. Some respondents stated that if the two years was a requirement, then there were reasons to believe that the timing was based on theoretical applications.

'I asked myself...what was the basis for the two years and it is very clear that the timelines were derived from a corporate environment where you know things are done in systems and you do step 1, 2, 3 and there is that clear order of things... we also know that development is not something that can be fast-tracked, you're dealing with real human beings here, you are going into communities where there are dynamics' (Respondent D).

'On paper, theoretically, the Alchemy concept is brilliant, I think the timing on some of the key deliverables, was a little bit theoretical... they did not anticipate the number of stakeholder pushbacks and massaging and malfunction that we needed to embark on, compounded with that, given the region that we are working in, I mean the political sphere contributed to a lot of the things that we couldn't ...to avoid political grandstanding on the initiatives' (Respondent I).

Very clearly, respondents articulated that the tasks prescribed in the Deed required long lead times and, in some cases, could not be fast-tracked. Overall, key respondents regarded two years as unreasonable given the list of complex tasks outlined below:

- Establishing rapport, building trust and securing community participation.
- Setting up and pioneering the Trust operations in absence of a blueprint, policies, templates and procedures.
- Forming relationships internally and externally.
- Navigating the multi-layered political landscape.
- PBO registration.
- Implementation of Foundation projects.

Views on monitoring, tracking and evaluation tools.

More than half of the respondents emphasised the need for monitoring, tracking and evaluation tools. Although viewed as important, the respondents expressed that these development tools were either lacking or weak, which has led to some capacity constraints.

'...but if we have this Monitoring and Evaluation, it will keep us into account' (Respondent B).

The following tools were mentioned as important and needed to be embedded in the CDT processes:

- Project management tools with guidelines on impact-based project selection.
- Integrated community development framework between AAP, CDTs and other development partners for broader impact.
- Performance management tools to keep the support staff, Trustees and AAP accountable.
- Tracking and monitoring tools (project management, stakeholder engagement).

5.4.4 Incentives

Views that remuneration was not market-related.

Although all the respondents expressed an overarching sentiment that their participation was not linked to financial gains, a minority of the Independent Trustee respondents expressed dissatisfaction with the remuneration provided. These respondents remarked that the remuneration was not market-related and simply not enough for the work expected.

Inadequate recognition to Founder Trustees for their work in the Trusts.

The Founder Trustee respondents mentioned that they were chosen to take part in the Trusts to add value by applying their skills and experiences, and for unlocking bottlenecks. The Founder did not provide recognition or reward to the Founder Trustees for their work in the Trusts. The Founder Trustee's participation in the Trusts fell within their day-to-day responsibilities in the Company. The comments

from one Founder Trustees implied no desire for a stipend/ remuneration, however, that recognition in whatever form would serve well as a performance incentive.

5.4.5 Skills and awareness

Most Independent Trustee respondents felt that the induction training was weak for the scope of work.

A one-to-two-days induction training was provided to the Trustees after their appointments. This was a process that distilled the Trust Deed legalities, Alchemy design history, explanation of operational resources, tools, the Founder's financial environment and feedback on stakeholder engagement conducted before Trust registration. The induction was focused internally and provided only to Trustees.

Out of the nine respondents, only one perceived the induction training sufficient for developing capacity. The respondent expressed feeling sufficiently empowered to serve as a Trustee post-induction.

'...I think the induction was very like in-depth, ...so I started engaging in this work with a very clear picture, I mean even with the Trust deed, I remember it was early in December when we were sworn in as board members, so you had two months before the actual work, immerse yourself in the Trust Deed and to fully understand' (Respondent D).

A small minority of the respondents were neutral when commenting on the induction training. One of the respondents argued that because of skills and experiences acquired while working in the development space together with acting as a board member in other institutions, the respondent had sufficient knowledge to navigate the Alchemy Trust processes. For this reason, the induction training format and approach was not a factor.

More than half of the respondents, however, identified gaps within the induction training, which might have negatively affected the Trusts' performance. The respondents highlighted that the induction did not have a sound and well-researched situational analysis to provide an understanding of the societal issues and challenges in the benefit area. The respondents also noted that the induction failed to unpack the roles and responsibilities, the role of AAP, not enough time

allocated to the induction and that the induction lacked content on operationalizing the Trust.

'I believe that Founder needed to prepare the Trustees, to school us, have your development path for the Trustees themselves, set clear expectations per guidelines and train Trustees accordingly, highlight future challenges, to start preparing us in advance' (Respondent A).

5.4.6 Funding

The fixed budget restrictions were viewed as performance constraints.

The Trust Deed prescribed that 15% (amended from 10%) of the Trust Funds should be spent on administrative expenses and 85% strictly on projects or public benefit activities. Major administrative expenses included Trustee remuneration and the operational staff salaries incurred during a budget period. Even with the funding limit amendment, the respondents expressed that the 15% allocation slowed down the pace at which Foundation tasks could be delivered.

'... I look at the finances the other day and I said to myself, will this budget enable me to go where we want to go' (Respondent E).

Hence, the CDTs leveraged on the Founder's internal departments such as the project and communications departments. These services would otherwise be delivered to the CDTs at a cost in the market.

In the absence of PBO registrations, the authority for financial decision making needs to be streamlined.

The Trust Deed required the Shareholding Trust to facilitate the flow of CDT funds before the Trusts' registration as Public Benefit Organisations. This model helped the CDT to take advantage of the tax exemption associated with PBO status.

Historically, the Alchemy Trusts PBO application to the South African Receiver of Revenue (SARS) process took 12 to 18 months. During this time the CDTs had a high dependency on the Shareholding Trust. Practically, the CDTs made decisions internally and communicated these with the Shareholding Trust. In most cases, the communications involved project-related matters that needed to be endorsed by

the Shareholding Trust for monies to flow. This meant the Shareholding Trust needed to be aligned with CDTs' decisions and motivations for a smooth endorsement. During the interviews, a minority of the respondents expressed feelings of being highly undermined by the Shareholding Trust during this time.

"I think we are now comfortable that we are registered, and we are able to take decisions and processes are flowing properly" (Respondent F).

Through this process, the respondents mentioned that there was limited scope to do things differently as there was always a reference to how things were done previously by other CDTs.

5.5 REALISTIC CHANGES RECOMMENDED TOWARDS ENHANCING CDTs CAPACITY

Not only did the respondents provide views on capacity factors that fostered and impeded success, but they also articulated changes that could potentially strengthen capacity within the CDTs. This section provides the recommendations made by the respondents against five of the six ROACH components. No recommendations were made towards enhancing the inter-relations component, hence this component is excluded from this section. A summary of the recommended changes is captured in Table 10.

Table 10: A summary of changes that can be instituted to enhance capacity towards reaching the Foundation Phase goals.

ROACH components	Summary of major findings
1. Structure: Institutional structures, the structure between organizations/ institutions, management, leadership and staffing of stakeholder organisations	<ul style="list-style-type: none"> • Operational structure with local representation
2. System Tools: Equipment, procedures, guidelines, audit systems and legal instruments defining and describing the process of work	<ul style="list-style-type: none"> • Centralized provision of system tools that will be customized at CDT level • Provide technological resources to Trustees for efficiencies
3. Incentives: Aspects affecting system performance, recognition and remuneration	<ul style="list-style-type: none"> • Benchmark and review remuneration

<p>4. Skills and awareness: Knowledge, skills and competency gaps, existing needs assessment, training provision and opportunities, formats and approaches to training, institutional arrangements for training</p>	<ul style="list-style-type: none"> • Review the current induction period, format, content
<p>5. Funding: Alchemy funding model and budgeting</p>	<ul style="list-style-type: none"> • Shareholding Trust to actively support and add value to CDTs

5.5.1 Structure

Operational structure with local representation.

To respond to the need for a locally-based operational structure, some respondents from different CDTs provided inputs as to how the structure might look.

‘At the community level, I have always advocated that we need community facilitators, you know, sometimes there is such a huge gap, and information is not flowing, because we do not have a facilitator in the community who normally communicates issues and communities become unhappy when they have very little information, so I think that role then will be played by the community facilitators’ (Respondent F).

‘To fast-track progress, if we could get an office that is up and running, where communities can pop in and ask questions, for clarity, because even if you go to communities, and introduce yourself as a once-off, they will not all understand everything about who you are and what you are doing. You need an office, warm bodies in that office, to understand exactly what that project Alchemy is all about, where are we and why are doing it, ...so that we don’t even waste time on conflict’ (Respondent B).

One respondent outlined that the Operations Manager role should not be a one-man/woman show as it is currently, but a company with project management expertise.

‘When we appoint an Operations Manager... we should be appointing a company, that has got all those areas, when there is a problem with project X, this company has got that expertise, when it comes to financials, this company can deliver, when it comes to project management, ... you need engineering expertise so you must have all those’ (Respondent B).

5.5.2 System tools

Centralized provision of system tools that will be customized at CDT level.

The absence and/or weakness of the following systems tools were identified as capacity constraints:

- Monitoring and evaluation tools.
- performance management tools.
- impact analysis tools.
- reporting standards and timelines.
- Clear roles and communication channels and frequency.
- Templates (minutes capturing, reporting).
- Selection criteria for projects and service providers.

A minority of the respondents recommended that the Shareholding Trust should lead the CDTs in providing templates and standards for these system tools to enable efficiencies.

'These guys (Shareholding Trust) should have a handbook or an operational manual; here are the policies that we are putting in the guidelines, if you're happy with it, just write the name of the Trust here and get going with it... don't spend time on things that potentially could have been done at a uniform level...'
(Respondent I).

Provide technological resources to Trustees for efficiencies.

The provision of supporting tools such as laptops, sim cards, data dongles and cell phones were also proposed to enable performance amongst Independent Trustees.

5.5.3 Incentives

Benchmark and review remuneration.

A few respondents mentioned that the remuneration needed to be market-related. The respondent proposed a review of the current remuneration to drive performance.

5.5.4 Skills and Awareness

Review the current induction training approach, period, format and content.

Respondents made various recommendations towards an improved induction training process:

- Introduce an on-the-job training.
- Rework the induction training programme to focus on the areas highlighted in Figure 10.
- The induction training should be detailed and should extend well over two days.
- Conduct a skills audit amongst the Trustees, thereafter design an induction programme that addresses the gaps identified.

Despite the amount of knowledge and skills acquired by Trustees in their capacities, respondents still identified training needs. The training needs comprised of stakeholder engagement skills, monitoring and evaluation training courses, knowledge and exposure on corporate governance (King IV), and guidance on the Non-Profit Organisation Act and the Trust Property Control Act.

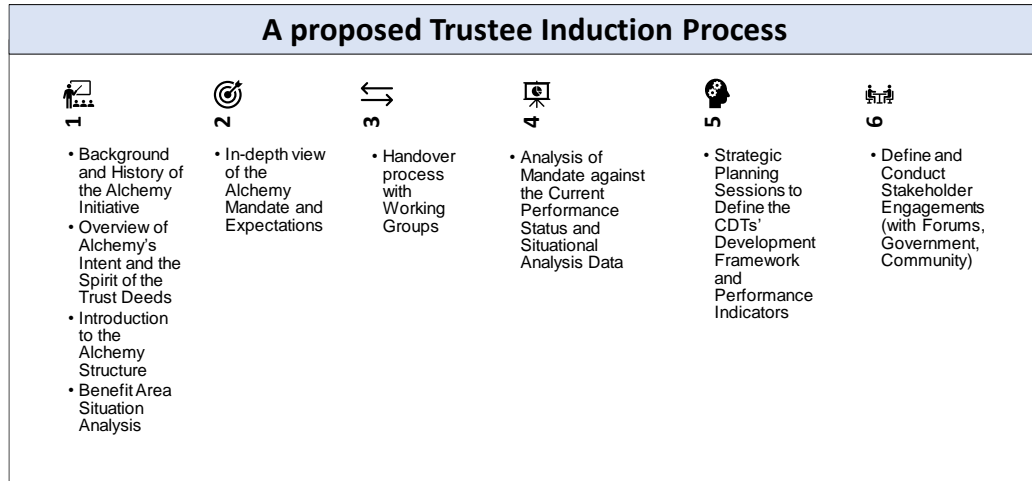


Figure 10: A proposed induction process.

Source: (Respondent B).

Further, one respondent made an interesting recommendation regarding the skills and awareness component. The respondent proposed that training induction should also be offered to CDTs' beneficiaries, associated stakeholders and even to the Founder. This training should solely be focused on embedding the

fundamentals of development. Through this training, the respondent endeavours to introduce a development mindset to both the communities and the Founder.

'...a kind of preparation that I am talking about, even starting with the community and the Founder...so we make a mind-set change that's right, starting with the Founder and going forward with the community that we are talking to...'
(Respondent A).

This respondent mentioned that the Trustees, communities/beneficiaries and Founder needed to be well socialised with the socio-economic situation in the area. From the Trustee perspective, if the Trust had an in-depth knowledge of the community dynamics, the Trust would have landed different strategic focus areas compared to the ones documented currently. Further, this respondent proposed a delayed project implementation approach to focus more stakeholder engagements to educate beneficiaries. This approach of educating beneficiaries forms part of creating a community environment that allows the Trust to conduct its work with ease and build capacity within the community. The respondent added that the communities needed to understand Trusts - their governance, regulations, management, mandate and processes. From this, the beneficiaries would possess a clear understanding of CDTs' business and, their expectations towards the Trusts would be better managed. From the Founder's perspective, the respondent noted that if the Founder understood the uniqueness of communities, then expectations of outputs would consider complexities faced by the different CDTs. Therefore, every Trust's performance or lack thereof, would be viewed against the complexities it faces.

5.5.5 Funding

Shareholding Trust to actively support and add value to CDTs.

A respondent made a recommendation on how the Shareholding Trust could potentially add value to the CDTs. The respondent convincingly put forward an opportunity for the Shareholding Trust to galvanise resources through partnerships that should cascade to the CDTs. According to the respondent, the Shareholding Trust should map synergies from the CDTs, either from a projects or strategic perspective, and lobby for funding from international or national development organisations. The respondent argued that although this was outside the current scope of the Shareholding Trust, there was power in negotiating and sourcing

multi-national funding from an umbrella level. The respondent argued that this approach can potentially enable more resources to flow for more impact at the grassroots level. The possibility of AAP leading this process was also articulated.

5.6 SUMMARY

In summary, the data collection method was effective in gathering data after evaluating capacity development within the Alchemy CDTs. The ROACH tool was powerful in teasing out factors that enhanced and impeded the capacity of the Alchemy CDTs to reach the Foundation goals. Recommendations made by the respondents guided possible proposals towards strengthening capacity within the CDTs.

CHAPTER 6: DISCUSSIONS

6.1 INTRODUCTION

The ROACH tool (Boesen and Therkildsen, 2005) proved suitable for evaluating capacity development factors within the Alchemy CDTs. For all the six ROACH components, both capacity strengths and weakness were exposed. By practically applying the ROACH tool, the respondents were able to propose changes that can be embedded to strengthen certain capacity components within the CDTs.

Overall the Trustees identified with the vision of the Alchemy initiative, namely '*sustainable community futures through mining and beyond mining*' (Morifi, 2012). Most Trustees found it rewarding to be involved with an initiative that aims to develop and empower underprivileged mine communities. The respondents saw their experiences, knowledge and skills as assets that could be leveraged to nurture capacity within the Alchemy CDTs towards fulfilling the development mandate set out in the Foundation Phase. The findings revealed that this as the main capacity strength. Although most Trustees identified with the rationale, theory and design of the Alchemy structure, the structure was perceived not to have appropriate operational systems tools. The execution and operational processes that support development work within the structure was overall the biggest challenge that brought out several capacity constraints. Trustees identified the lack of; appropriate operational structures, policies and procedures, monitoring and tracking tools, local resources and system tools as key capacity weaknesses that needed strengthening.

In summary, the findings compiled from the key respondents' feedback revealed capacity factors from both the '*functional-rational*' dimension (legal mandates, organisational structure) and '*political*' dimension (commitment to and leadership of change processes, power authority, stakeholder pressures) (Boesen and Therkildsen, 2005). As expected, the changes in capacity were encountered across different dimensions or levels. The capacity development conceptual framework (Bolger, 2000) has been explicit in articulating that capacity develops within four dimensions: the individuals, organisational, networks and within an enabling environment dimension. For this reason, the conceptual framework outlined in Chapter 3 was used here to discuss the study findings.

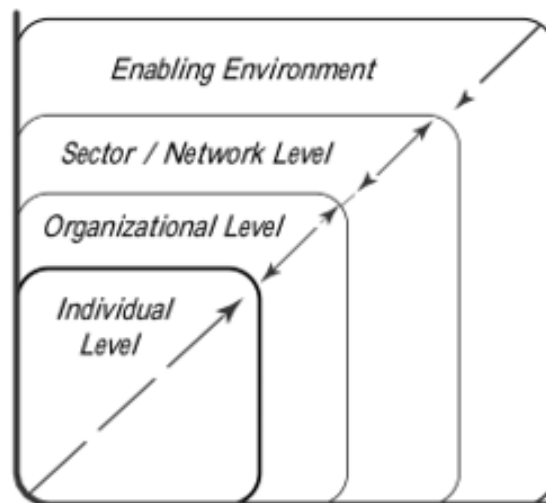


Figure 11: Capacity Development findings analysed through the Conceptual Framework.

Source: (Bolger, 2000:8).

6.2 ANALYSIS OF CAPACITY FACTORS WITHIN THE INDIVIDUAL DIMENSION

The findings exposed a strength in the Alchemy initiative itself. The initiative appeared successful in attracting mature, highly skilled persons, some of whom have a history of working in development structures apart from Alchemy. This type of board composition resembled a typical board as it comprised members of different backgrounds, skills and experiences as guided by the International Financial Corporation (IFC) (2015). The Independent Trustees respondents highlighted that Alchemy's long-term development agenda was aligned with their personal missions. Individually, the respondents expressed that contributing to community development was something they wanted to be remembered for – *'leaving a legacy'*. Therefore, it made sense for them to contribute to the development of mine communities through Alchemy. Essentially, the sentiments shared revealed that playing a role in Alchemy served as an incentive. Such an incentive was recognised by Boesen and Therkildsen (2005) as an informal reward. Though some respondents highlighted feelings of being insufficiently rewarded through the formal reward (remuneration), the informal reward appeared strong enough to keep respondents motivated. A recommendation was made for the Founder to benchmark the CDTs' remunerations against the market and adjust

accordingly. This solution was identified as a quick-win mechanism to drive and motivate performance.

It can be argued that the '*personal mission*' referred by these respondents was partially shaped by global influences and trends towards sustainable development. The literature particularly recognised the role played by the United Nations (UN) in lobbying and creating global awareness for integrated industry participation in pursuit of economic development, environmental protection and social improvement (Labonne, 1999). There was a sense that these respondents saw themselves contributing to the evolving trends within globalisation, communities, NGOs and the mining legislative frameworks that advocated for the development agenda. At face value, the lure to Alchemy can partly be attributed to the Anglo American Platinum (AAP) brand, the Founder of Alchemy. To date, AAP remains one of the world's biggest Platinum Group Metals (PGMs) producer from resource to market (Anglo American Platinum Limited, 2017). Independent Trustee respondents could have seen playing a role within the CDTs as an opportunity to be associated with the platinum mining giant through the companies' CSR programme. This brand association can be classed as an informal incentive (Boesen and Therkildsen, 2005). One of the respondents was explicit in expressing that their involvement was motivated by the observation of mining communities' discontentment over mining companies' efforts that often manifested in strikes, vocal oppositions and unrest (Lane et al., 2015). By playing a role in Alchemy, this respondent wanted to understand '*why mining companies keep getting community development wrong*' and that, their involvement could contribute to strengthening AAP's SLO.

The findings revealed that although respondents were highly educated and enthusiastic to get involved with Alchemy CDTs, most respondents were not prepared for the level of complexities associated with the development work. The findings exposed weakness in some respondents' abilities to sufficiently navigate the Trusts' processes. Collectively, both Founder and Independent Trustee respondents identified skills gaps that contributed to capacity constraints. These respondents were explicit in highlighting key knowledge areas that in hindsight were found as critical if provided at the beginning of the term of office. These included stakeholder engagement courses, corporate governance training (i.e. King IV), a guide on the Non-Profit Organisation Act and the Trust Property Control

Act and other relevant legal training. While this did not impede the Foundation Phase activities, it will most definitely have an impact on the work of the CDTs into the future.

Reflecting on the social realities of the CDT beneficiaries, there was a disjuncture between the calibre of the Trustees in comparison to a typical community member. The fact that Alchemy held an ambitious vision of promoting sustainable development in the most rural of communities (Hart, 2015b), it might have been justified to have skilled and aware individuals on the boards. However, Trustees' ability to understand local stakeholders whom they served was found to be constrained. More than half of respondents that served as Independent Trustees requested detailed, in-depth induction training that should have included; community situational analysis and content that specifically outlines how to practically operationalise the CDTs. This request might have been a consequence of the Independent Trustee respondents' unfamiliarity with mining communities, mining practices and the mining industry's challenges as compared to the Founder Trustee respondents. One respondent referred the experience of interacting with the beneficiaries as a '*culture shock*' – an unfamiliar experience or a unique way of life. Though this respondent acknowledged the learning opportunity that came with an unfamiliar setting, a proper in-depth situational analysis was needed to allow this respondent to effectively contribute to the board deliberations.

Though not being from the area (independent) came with a feeling of disorientation, one Independent Trustee respondent believed this enabled her/him to guard against corruption. Globally, benefits flowing from mineral wealth are often misused and associated with major governance issues (Kasimba and Lujala, 2019; Matebesi and Marais, 2018). This comment about corruption showed this Trustee was aware and informed about global and national mining benefit-sharing experiences and associated risks. This was especially so because the views on corruption were not specifically probed during the interview. This respondent's comment reflected a sense of feeling hugely responsible for protecting the Alchemy vision against unwanted corrupt practices.

Capacity developed within the individual dimension in the Foundation Phase has a direct bearing on the Consolidation Phase. Highly skilled Trustees may dominate

and create an organisational culture that might be alienating for Community Trustees. Community Trustees may experience skills and culture gaps, which might negatively compromise CDTs' performance. Therefore, at the conclusion of the Foundation Phase, care must be taken when introducing Community Trustees during the Consolidation phase (Tshikululu Social Investments, 2010).

6.3 ANALYSIS OF CAPACITY FACTORS WITHIN AN ORGANISATIONAL DIMENSION

At the organisational level, the findings showed that the Trustees appreciated the Alchemy structural design and funding mechanism. However, respondents identified several important capacity constraints. These included; the transition of functions and projects from the Shareholding Trust to the CDTs, the relationship between the Founder and the CDTs, gender and diversity issues and the lack of local representation at board level and the inadequacy of system tools to support development work.

From a structure perspective, the respondents celebrated the comprehensive thinking behind the Alchemy design and funding mechanism. This was identified as the key capacity driver. It mattered to respondents that the structural design was practical, and it enabled Trustees to fulfil the development mandate. Some respondents were particularly impressed with Alchemy's stature in AAP. Respondents appreciated being part of an initiative that was considered important by its Founder. Through the continuous funding distributed to Alchemy, Trustees believed that the Founder was committed to supporting the success of the CDTs.

The respondents appreciated the thinking behind the role of the Shareholding Trust before the CDTs formation. However, more than half of the respondents highlighted reservations about the practicalities of some aspects of the design. These respondents expressed unanticipated issues associated with the flow of money and commitments that were handled by the Shareholding Trust. Firstly, respondents mentioned that the projects and project-related commitments handover process between the CDTs and Shareholding Trust was poorly managed and was haphazard. Through the findings, respondents mentioned that the Shareholding Trust's commitment register was poor and the rationale of some commitments made was questionable. This highlighted weaknesses in the system

tools to operationalise the handover processes. Secondly, the role of the Shareholding Trust was viewed as misaligned or cumbersome by respondents. The findings showed authority and power contestations between the CDTs and the Shareholding Trust. The CDTs viewed the Shareholding Trust as cumbersome, especially during some decision-making processes (project approval) prior to the CDTs' registration as Public Benefit Organisations. In this instance, the role of the Shareholding Trust was viewed as a huge constraint to the CDTs' progress. Instead, the CDTs respondents recommended that the Shareholding Trust needed to position itself as a valuable resource to the CDTs processes and refrain from taking a position of power. A respondent recommended that Shareholding Trust should play a valuable role in providing standardised operational procedures, procurement policies, templates to guide project selection amongst others. This respondent added that the Shareholding Trust was well-positioned to potentially secure additional funding on behalf of the Development Trusts towards achieving the Trusts' mandate. According to this respondent, the Shareholding Trust could take advantage of reviewing the respective CDT strategies, seeking common strategic levers and ultimately seek partners. Seeking additional funding sources through other funders, without undermining the existing corporate funding, would strengthen the sustainability of CDTs which rely on the funding certainty (Intellidex, 2018; International Finance Corporation, 2015; Wall and Pelon, 2011).

Contrary to the views of Trustees in the CDTs, views from one Shareholding Trust respondent gave the impression that the Shareholding Trust was disempowered by the current legal framework and could not sanction anything. These diverging views introduced sensitive power dynamics issues within the organisational dimension, which were a potential source of conflict. These sensitive issues were identified through the '*political*' dimension (Boesen and Therkildsen, 2005). Such issues should not go unnoticed because of their potential to erode capacity.

The Founder formed an integral part of institutionalizing the CDTs and carried great interest in ensuring the success of Alchemy post the registration of the CDTs. Consequently, in some cases, the Founder provided views and recommendations to Trustees in the interest of progressing the Trusts' business. Such recommendations included the type of operational structures to be adopted. However, the way this was done, was viewed negatively by more than half the

respondents that served as Independent Trustees. According to these respondents, the Founder's suggestions were communicated as blueprints of successful Trusts. As a result, these respondents felt uncomfortable to voice their views and to propose a preference to incorporate locally based operational structures. Their sensitivity and caution added to the unspoken '*political*' dimension of Alchemy which remained sensitive to address (Boesen and Therkildsen, 2005). In addition to proposing the operational structure, the Founder procured staff to support the Alchemy CDTs, through establishing an internal structure in AAP. According to the findings, the Founder support team received mixed reviews. Some respondents appreciated this '*free*' support with caution, whilst some respondents shared suspicions that this was the Founder's way to continuously nurture the CDTs to remain hands-on and have influence. The findings showed that respondents felt that this practice undermined the Trusts' independence. According to the respondents, the Founder's role should be more focused on enhancing existing capacity and not building capacity from scratch or imposing external structures (Vallejo and Wehn, 2016).

The composition of the Foundation board of Trustees (consisting of two Founder and three Independent Trustees) was strongly recognised by respondents as a means to encourage robustly debated, unbiased decision-making. This quality was key in driving good governance practices which enabled better resource mobilisation (Babu and Sengupta, 2006). A minority of respondents highlighted the need for greater diversity and inclusion in the boards. One respondent made the case to include youth in the Trust management structures. The respondent argued that youth should be integrated into the boards to make/inform decisions on behalf of the demographics they represent, especially because South Africa was a youth dominated country. The exclusion of youth on the board of Trusts was perceived as a capacity constraint. The Trust Deeds were clear that in the Foundation phase, of the two Founder Trustees, 50% should be Historically Disadvantaged South Africans (HDSA) and a further 50% needs to be female HDSA. The Deed was however silent on the three Independent Trustees' gender requirements. All four CDTs were not constituted properly as none contained female Founder Trustees. Therefore, in the Foundation phase, all of the boards remain male-dominated. The exclusion of women, in particular, on the CDT boards meant that the reinforcement

and compliance mechanisms (system tools) that support the CDTs legal framework needed strengthening.

Bradshaw (2013) showed evidence that societies that discriminate by gender tend to experience less rapid economic growth and poverty reduction. For this reason, there was a good case to include women in the board structures. Also, the World Bank (2012) stated that the incorporation of women on the boards should also be accompanied by an enabling environment. Women should be encouraged to participate freely on the boards to incorporate gender equality perspectives. This will increase the boards' awareness of gender issues, ultimately, increasing their capacity to understand gender-related issues at the community level (World Bank, 2012).

Kasimba and Lujala (2019) have shown evidence of challenges associated with meaningful participation by beneficiaries. These include: (1) community members lacking access to relevant information, (2) restricted visibility to Trust funds management and operations, (3) community members remained voiceless with no real influence on decision-making. The authors concluded that challenges of meaningful beneficiary participation hindered the Trust's legitimacy. This evidence might explain why some respondents believed that having local representatives on the board even during the Foundation Phase could potentially buy the Trusts acceptance amongst the locals. Further, the respondents mentioned that the lack of a local office hindered the Trustees' ability to respond promptly and continuously to beneficiaries, restricted visibility, and transparency of the Trust's business to locals and provided limited knowledge of community sentiments in real-time. For this reason, respondents made a recommendation to appoint a local operations structure to streamline project management and community liaison processes. Through a local office, respondents endeavoured to enhance beneficiaries' sense of ownership.

Five of the nine respondents recognised capacity gaps within the adopted operational structures. Some of the respondents saw value in Chairpersons that did not hold full-time employment outside the CDTs. However, because of the associated governance risks, there was an appetite to re-look at the operational structures. Respondents highlighted the need for securing the right people, with the skills for Trusts to perform optimally. The International Finance Corporation

(2015) quick guide to establishing CDTs provided that trustees should ensure that the incumbents' skills and knowledge were adequately matched to the Trust's key performance areas. The operational structure was arguably the most important person/company in the Trusts (International Finance Corporation, 2015). Although the operational structures (which included the operational manager, project managers, administrators) were viewed as capacity constraints, one respondent had a feeling that not much would be done towards resourcing the operational structure. Mainly because of the budget limits that restricted the administrative spend (which provides for operational resources) to 15% of the total yearly budget, while 85% should be spent on project implementation. These restrictions promoted that the CDTs should seek alternative funding sources to enhance the yearly administration allowance, this would allow more funds for resources budget allocations.

Respondents made comments that insinuated how unclear they were about '*who does what, when and how?*'. The lack of clear roles and responsibilities of various persons and/or structures were noted in various ways by respondents during the interviews. This could be a consequence of the absent accountability systems. Also, it may explain the sensitive and cautious efforts around relationships. What would be the basis for reprimanding non – performance and demanding outputs in the absence of clear roles and accountability measures? In addition, a substantial proportion of the respondents expressed that the absence of monitoring, evaluation and tracking tools was a major failure. Similarly, the International Finance Corporation (2015) supported this statement by noting the importance of measuring performance and the reporting thereof. A measure of performance and the reporting thereof, will promote trust and potentially aid the Trusts in building relationships with its stakeholders. Recommendations made by respondents referred to incorporating key performance management systems, creating clarity on roles and responsibilities for all persons and/or structures to solidify accountability lines and ease tensions around relationships.

Respondents shared mixed views on what marked the end of the Foundation Phase. The different views came from the fact that the Trust Deed and supporting documents drafted by the Founder, mark the conclusion of the Foundation Phase differently. The Trust Deeds used the milestone of the introduction of Community

Trustees, whilst the supporting documents used a timeline of two-years. The latter seemed more popular amongst the respondents. And very strongly, respondents remarked that the Trust Deed supporting documents needed to be reviewed and argued that two-years was simply not enough to conclude the Foundation Phase given the complexity of the tasks. Similarly, Hart (2015) remarked that the two-year Foundation period might need an extension in areas of complex social settings. As the Trusts move further in the Alchemy journey, the Deed and its supporting documents need to be aligned when communicating milestones and the conclusion of each phase to avoid unnecessary confusion.

6.4 ANALYSIS OF CAPACITY FACTORS WITHIN THE NETWORKING DIMENSION

The literature in this study reflected on the importance of networking with government structures towards promoting development. The literature recognised the Rössing Foundation (legally structured as a CDT) that operates in Namibia and the Phalaborwa Foundation operating in South Africa have both established strong ties with local government to facilitate and implement CSR activities for the founding companies (Wall and Pelon, 2011). In South Africa, this includes alignment and support for the implementation of the local authority, Integrated Development Plan (IDP) and the statutory Social and Labour Plans required by the government to hold a Minerals License. The findings showed there were good relationships between the four CDTs. However, there were missed opportunities to develop more substantial partnerships amongst respondents within each CDT to support development work during the Foundation Phase. Most respondents appreciated the value of learning from other Trustees. However, some respondents complained about having limited platforms for knowledge sharing other than the formal quarterly board meetings. As a matter of requirement, board meetings are formal and limit opportunities to socialise casually about board processes and other Trust issues. This limited the depth of the relationships. With so much knowledge within the CDT boards, there is value in creating opportunities that enabled more creative free-thinking outside the boardroom to share insights towards reaching the Foundation Phase mandate.

Sessions initiated by the Founder such as the *Alignment* sessions fostered relationships amongst the different Trusts. So much so that some relationships

manifested to promote resource sharing between the CDTs. The resource sharing model ensured that knowledge for operationalising the CDTs remained within the Alchemy structure and could be used to promote efficiencies and competencies. This practice was perceived as a capacity strength by a respondent.

A large proportion acknowledged harmonious Trust relations (across and within) although there were subtle views on applying caution when navigating some relationships within Trusts. Female respondents endeavoured to keep healthy relations amongst each other for the benefit of driving success which spoke to the uncovered '*political*' dimensions that exist within the Trusts (Boesen and Therkildsen, 2005).

Respondents encouraged a more collaborative engagement approach between the CDTs, Shareholding Trust and Founder; one that embraced working together to fulfil the mandate of the CDTs. The engagement approach should be that which is neither authoritative nor prescriptive. The respondents recommended the integration of coordinated networking sessions to streamline inter-relationships and to promote cordial relationships.

To successfully deliver on the Foundation Phase, the Trusts are urged to engage stakeholders, create networks with beneficiaries and to form partnerships. The minority of the respondents expressed the daunting task of engaging communities who are in most cases dissatisfied with mining. Within this context, the International Finance Corporation (2015) guides on the importance of developing branding that differentiates the CDTs from the Founder could be helpful. This will aid the CDTs from inheriting existing tensions that may exist between the Founder and stakeholders.

The findings further revealed that leveraging funds and resources through strategic partnerships was perceived as a critical process towards making a broader impact in communities to achieve the mandate of the CDTs. However, one of the respondents noted that the current operational structure did not take into consideration the skills and resources needed to undertake collaboration. There was some acknowledgement that the Trusts were not operationally structured to advance partnerships.

6.5 ANALYSIS OF CAPACITY FACTORS WITHIN THE ENABLING ENVIRONMENT DIMENSION

The findings showed that the personal motivations of the Trustees were an important component for creating an enabling environment conducive to the CDTs' success. However, the Founder Trustees respondents did not share this attribute. Therefore, there were constraints to the internal enabling environment. The CDTs were also affected by the broader external environment and these are briefly outlined in section 6.5.2. This study did not specifically explore the complexity of the external environment and therefore limited data was collected about this.

6.5.1 Internal enabling environment

A passion to endeavour to make a difference in the lives of mining communities came out strongly as the key factor from all Independent Trustee respondents to be part of the Alchemy CDTs. Though this personal drive was viewed earlier as an incentive, it can equally be viewed as an internal enabling environment. Using a different lens, personal fulfilment can imply dedication until fulfilment is reached. The dependency of the Trusts on the personal fulfilment of Trustees may mean that respondents are likely to disengage once their goal is reached. Development remains a challenging endeavour, that requires a long-term commitment. Although the informal reward appeared strong enough to keep respondents motivated in the Foundation Phase, recommendations to re-look at a more formal reward system must not be ignored as this might cause challenges in the next phases of Alchemy.

Recognition/reward for Founder nominated Trustees remains a constraint in driving performance. From the Independent Trustee perspective, Founder Trustees' gave more priority to their contractually agreed roles and responsibilities as employees than those of the Trust. Founder Trustees' perceived lack of commitment and this was explained from three viewpoints. Firstly, the Founder Trustees' role on the CDTs was limited to '*an assignment given by the employer*' as opposed to being personally motivated. Secondly, the Founder nominated Trustees did not receive any recognition of any form from the employer. Thirdly, the lack of commitment can also be attributed to time limitations as almost all Founder Trustees held senior management positions in AAP. Babu and Sengupta (2006) suggest that unfavourable work environments and low incentives can result in a huge erosion of capacity. The Founder Trustee commitment issues will create

governance risks and/or impede CDT operation in the future if not sufficiently addressed.

6.5.2 A broader enabling environment

Two Independent Trustees respondents from the same Trust proposed a unique approach for the induction training. In a way, the Trustees saw the context in which the Trust operates as a key determinant of the Trust's success or failure (Boesen and Therkildsen, 2005). The respondents felt that a key driver for a CDT success was somewhat linked to the Trusts' acceptance level by beneficiaries. In the area referred, the Working Group turned out to be problematic, a significant constraint for the CDT although conscious efforts were made to induct the Working Group members before their inputs in the Trust Deed. Although the Working Group members knew the Trusts' mandate; the extreme poverty, unemployment and inequality experienced in their communities led them to demand opportunities for themselves and, ignoring those of the broader beneficiaries. This approach undermined the principle of Alchemy that seeks to exercise a non-partisan approach within the CDTs (Hart, 2015b). With this, one of the two respondents saw value in engaging extensively before implementing projects. The respondent added that if Trustees had known about the lack of understanding of the CDTs mandate, regulations and governance amongst beneficiaries, the CDT would have prioritised a broader induction training or capacity building of all beneficiaries over project implementation. The CDT's project implementation was continuously stopped by disgruntled communities seeking opportunities for themselves. Consequently, this board's development efforts towards desirable outputs were severely constrained.

Related to the broader induction training approach being proposed, one respondent highlighted that the Founder senior leadership needed to be trained too. Mainly because it was the senior leadership that endorsed discretionary CSI funding to the CDTs and received reports of the CDT development spend. This approach of proactively influencing the Founder's thinking is emphasized as part of the ROACH framework as '*influenceable factors*' (Boesen and Therkildsen, 2005). This respondent aspired to influence the Founder Senior leadership by highlighting the complexities of development to them. Also, to caution that although the Alchemy CDTs were designed to follow a similar path, the pace of

implementation was dependent on the context, social reality, and community culture within each benefit area.

From a global perspective, the Trusts' mandate is fully aligned to the global sustainable development agenda. The respective Trust Deeds highlight the Trusts' public benefit activities as welfare and humanitarian activities, health care provisions, land and housing developments, education and development, conservation, environment and animal welfare and sports. These activities resemble priorities of the SDGs led by the UNDP (Fraser, 2018).

From a national perspective, the Alchemy approach is endorsed by the mining legislative frameworks. The BBBEE Codes for good practice specify Community Trusts as mechanisms for implementing Broad-Based Black Economic Empowerment (SA. Department of Trade and Industry, 2016; Tshikululu Social Investments, 2010). The Mining Charter released in 2018 has proposed practices that endeavour to redress legacy issues that resulted from the pre-1994 government. The Mining Charter calls mining companies to share equity ownership effectively with host communities (Botha et al., 2012). The National Development Plan, a plan that envisages an inclusive economy, also puts a case that drives the Alchemy vision. The National Development Plan has an objective to build a more equitable society and transform ownership patterns putting resources in the hands of communities (SA Department: The Presidency, 2012).

Within the Alchemy CDT benefit areas, the government is focused on the delivery of basic services and the establishment of Local Economic Development (LED) plans. Through the local municipalities, the government is responsible to set a development agenda in the areas in which the CDTs operate, to support development in the creation of decent work and sustainable livelihoods, education, health, rural development, food security and land reform, the fight against crime and corruption (SA Limpopo Provincial Government, 2012). Each CDT's strategy is informed by the existing local government plans. The CDTs plans strive to complement that of the municipality. This partnership is critical to avoid the CDT being the remedy to all the development issues rather than the government. The Limpopo Provincial Government plans are cited here as three of the four CDTs operate in the Limpopo Province.

6.6 SUMMARY

This chapter discussed the findings through the application of a capacity development conceptual framework introduced in the literature review (Boesen and Therkildsen, 2005).

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

This study aimed to evaluate the capacity of the Alchemy CDTs to deliver on the Foundation tasks, as experienced by Trustees. The ROACH tool (Boesen and Therkildsen, 2005) was used to evaluate capacity by applying six thematic areas: structure, system tools, skills and awareness, inter-relations, incentives and funding. Aligned to the capacity development conceptual framework (Bolger, 2000), there was evidence that capacity of the CDTs developed within four key levels; namely individual, organizational, sector/network and the enabling environment. The comprehensive approach to capacity development facilitated through ROACH helped to identify capacity factors from both the '*functional-rational*' dimension (legal mandates, organisational structure and procedures) and '*political*' dimension (commitment issues, power authority, stakeholder pressures) (Boesen and Therkildsen, 2005).

The enabling environment, both from a global and national perspective provided a conducive platform for the CDTs to be successful. Evidence was found of positive capacity drivers that enabled progress towards delivery of the Foundation mandate. The findings indicated significant capacity development within the organisational set up of the Alchemy CDTs. The CDTs were fortunate to be supported up by a leading Platinum mining giant (AAP) which instituted robust legal frameworks and a well-researched structural design within Alchemy. Anglo American Platinum most importantly breathed life into the CDTs by continuous distributing funding through the three funding mechanisms (refer to section 2.1). The Alchemy initiative attracted highly educated persons to participate as Trustees, these were individuals who had the potential to deal with the built-in legal complexities. The initiative appeared successful in attracting mature, highly skilled persons, some of whom have a history of working in development structures apart from Alchemy. Good networks and relations existed amongst the CDTs as these entities were less focused on competition.

However, there were some difficulties. Capacity difficulties were experienced on matters pertaining to the development agenda. Evidence of this was seen in the weak development system tools (i.e. monitoring tools, reporting tools, impact assessment tools, performance management tools). The operational structure was criticized for lacking dedicated people with the rights skills, particularly on matters

of advancing partnerships. The constraints identified here have resulted in Trustees doing much more than making-decisions and ensuring governance. The organisational culture was not inclusive of women and youth. The lack of youth and gender diversity within the boards limited the capacity to understand and make decisions that considered these demographics. The lack of locally based resources or local offices was viewed as a capacity constraint. Gaps were also identified within the induction training. The induction training should not only be offered to Trustees but should include the Founder senior management (those responsible for approving and distributing the Trust funds) and beneficiaries. Capacity issues were also identified within the incentive paradigm, the rewards and recognition component for both Founder and Independent Trustees need to be reviewed. Independent Trustees may exhaust their personal commitment to make a difference, and Founder Trustees felt torn and commonly prioritised their job of employment. These capacity difficulties contributed to a power imbalance between the CDTs and the Shareholding Trust. Also, the Founder easily imposed ideas on the CDTs - an approach that Trustees felt unable to challenge.

The ROACH tool mentions that capacity development changes should be based on what is possible to change rather than desirable and changes must be driven from a premise of potential gains (Boesen and Therkildsen, 2005). Therefore, the changes recommended in this study will primarily serve the next phase of the Alchemy, the Consolidation Phase. This is a phase that supersedes the Foundation Phase, marked by the introduction of a maximum of five Community Trustees, only one Independent Trustee and two Founder Trustees (Dikuno Tsa Sechaba CDT, 2013). This phase is less focused on setting up but focuses more on the implementation of the development agenda. Thus, the following recommendations are made with respect to the findings emerging from this study:

- The Consolidation Phase should be inaugurated by an in-depth induction training that spans longer than two days. The induction training should be designed based on gaps identified after a skills audit is conducted. This induction should be refreshed from time to time and should include strong governance training courses that will possibly be required by the less educated Community Trustees. The induction refresher courses can also be a platform for networking to streamline inter-relationships and to promote more cordial relationships between Trusts. The induction should

focus on the operational functions, role clarity, incorporate lessons learned from the Foundation Phase together with the legal and governance functions.

- The introduction of the Community Trustees on the boards will come with a wealth of community knowledge. An enabling environment should be created to encourage knowledge sharing and to allow real influence on decision-making.
- At the start of the Consolidation phase, the use of tools to support the development process must be introduced. These should be the driver of all operational processes. The tools should include reporting tools, tracking and monitoring tools, impact assessment tools, performance management tools, amongst others.
- Care should be taken when procuring operational resources. The incumbents' skills and knowledge must adequately be matched to the CDT's tasks and key performance areas.
- The composition of the CDT boards both in the Foundation and in any future phases should be in compliance with the Deed. The inclusivity of women is an urgent priority. The inclusion of youth representatives should be considered.
- In the Consolidation phase, the Founder must be encouraged to step back in order to support the growing independence of the CDTs. The Founder must ensure comfort on the system tools that will track process and highlight when support is required, as requested by CDT Trustees.
- For both the Foundation and Consolidation phase, a review of incentives is a potential quick-win that can be actioned. This can encourage individual performance and long-term commitment to the CDT as Trustees grapple with the complexity of development issues.

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APPENDICES

APPENDICES 1: DATA COLLECTION TOOL – COMMUNITY DEVELOPMENT TRUSTEES.

EVALUATING CAPACITY DEVELOPMENT FOR THE ALCHEMY COMMUNITY DEVELOPMENT TRUSTS TO ACHIEVE TRUST DEED TASKS WITHIN THE FOUNDATION PHASE

Section 1: Demographic Data - Community Development Trustees

My name is Shibu Mapheto and I am an employee at Anglo American Platinum conducting research through the University of the Witwatersrand towards a Masters in Engineering. Your name will not be used in any of the research. Pseudonyms will be used in reporting of results in efforts to ensure anonymity. Please feel free to speak openly. You do not have to participate and can withdraw at any time. The completion of this form will take 5 minutes. Thank you for your participation.

Trust Name:
.....
.....

Town/City:

Interviewee:.....

Cell phone No:.....(Requested for follow- up telephonic queries)

Interviewer:

Date:

Interview Start: **Interview ends:**

Participant code number: _____

1	What is your age?	[] [] years
2	What is your sex?	Male
		Female
3	What is your highest level of education completed?	
4	What organization do you work for and what is your job title?	Organization:
		Title:
5	What is your role in relation to the Alchemy Community Development Trust?	
6	How long have you held your current position in the Trust?	[] [] years
		[] [] months
7	Besides Alchemy Trusts, are there any other Development Trusts that you work for? If yes, how long have you worked with them?	Yes/No
		[] [] years
		[] [] months

**EVALUATING CAPACITY DEVELOPMENT FOR THE ALCHEMY COMMUNITY
DEVELOPMENT TRUSTS TO ACHIEVE TRUST DEED TASKS WITHIN THE
FOUNDATION PHASE**

Section 2: In-Depth Interview - Community Development Trustees

My name is Shibu Mapheto and I am an employee at Anglo American Platinum conducting research through the University of the Witwatersrand towards a Masters in Engineering. Your name will not be used in any of the research. Pseudonyms will be used in reporting of results in efforts to ensure anonymity. Please feel free to speak openly. You do not have to participate and can withdraw at any time.

This interview will take between 60-90 minutes. The interviews will be audio-taped in order to transcribe the information accurately. A separate consent form will be provided for this. Thank you for your participation.

Trust **Name:**

.....

Town/City:

Interviewee:.....

Telephone No:.....(Requested only
for follow- up telephonic queries)

Interviewer:

Date:

Interview Start: **Interview ends:**

Participant code number: _____

A. Early Engagement with the CDT

1. How did you first get involved in Alchemy Development Trusts?
(Probe for: Who approached you? Why do you think you were approached? What were your expectations at that time about the role?)
2. Why did you agree to be part of the Alchemy Development Trusts?
 - a. What are the benefits to you?
 - b. How is your pay affected by your role?
 - c. What were some of your reservations about the role?
3. In your view, does the Alchemy organizational structure enable the mandate of the Trusts to be fulfilled within the Foundation phase? (Probe for: Role of founder/shareholding Trust/community dev Trust)
4. In your view, does the CDT operational structure enable the mandate to be fulfilled within the Foundation phase? (Probe for: Role of Operations manager, administrator, PDIU, founder).

B. Preparation for the role

5. How do you understand your role and responsibilities as a Trustee in the Alchemy structure? (Probe for: understanding of the primary tasks, who briefed you about this? your feelings about the role)
6. What training and preparation did you receive for your role as a Trustee?
(Probe for: training programmes –length of time, who conducted it, where was it held, who else attended the training, the availability of course materials, feelings about value of the training ; and on-the- job mentoring, who does this, how often does it happen; generally feelings of how prepared you feel)
7. Looking back how would you have improved your preparation for this role?

C. Implementing the tasks of the CDT?

8. What are you enjoying about your work at the moment?
9. Looking into the CDT governance, kindly explain what is working well and what the main challenges are? Do this by giving examples.

10. Describe relationships amongst the shareholding Trustees, the Founder and other relevant institutions with the CDT? (Probe: Main success and challenges) Give reasons for your answer.
11. So far, what has been the experience of integrating and forming partnerships with local dev. Forums, traditional structures, government and other mines? Give reasons for your answer.
12. In your view, what amount of time is required for CDT to complete the Foundation phase? What are your reasons for your answer?

D. Lessons Learnt

13. What top two improvements can be implemented in the Foundation phase? What are your reasons for saying this?
14. What support do trustees need to carry out the role more effectively? (Probe for: procedures, incentives)
15. What strengths and opportunities can be leveraged to make the Trusts more effective?

Is there anything you would personally like to add?

.....
.....

Thank you for your time. It is really appreciated.

APPENDICES 2: DATA COLLECTION TOOL – SHAREHOLDING.

**EVALUATING CAPACITY DEVELOPMENT FOR THE ALCHEMY COMMUNITY
DEVELOPMENT TRUSTS TO ACHIEVE TRUST DEED TASKS WITHIN THE
FOUNDATION PHASE**

Section 1: Demographic Data – Shareholding Trustees

My name is Shibu Mapheto and I am an employee at Anglo American Platinum conducting research through the University of the Witwatersrand towards a Masters in Engineering. Your name will not be used in any of the research. Pseudonyms will be used in reporting of results in efforts to ensure anonymity. Please feel free to speak openly. You do not have to participate and can withdraw at any time. The completion of this form will take 5 minutes. Thank you for your participation.

Trust **Name:**
.....
.....
Town/City:
Interviewee:.....
Cell phone No:.....(Requested for follow- up telephonic queries)
Interviewer:
Date:
Interview Start: **Interview ends:**

Participant code number: _____

1	What is your age?	[] [] years
2	What is your sex?	Male
		Female
3	What is your highest level of education completed?	
4	What organization do you work for and what is your job title?	Organization:
		Title:
5	What is your role in relation to the Alchemy Community Development Trust?	
6	How long have you held your current position in the Trust?	[] [] years
		[] [] months
7	Besides Alchemy Trusts, are there any other Development Trusts that you work for? If yes, how long have you worked with them?	Yes/No
		[] [] years [] [] months

**EVALUATING CAPACITY DEVELOPMENT FOR THE ALCHEMY COMMUNITY
DEVELOPMENT TRUSTS TO ACHIEVE TRUST DEED TASKS WITHIN THE
FOUNDATION PHASE**

Section 2 - In-Depth Interview: Shareholding Trustees

My name is Shibu Mapheto and I am an employee at Anglo American Platinum conducting research through the University of the Witwatersrand towards a Masters in Engineering. Your name will not be used in any of the research. Pseudonyms will be used in reporting of results in efforts to ensure anonymity. Please feel free to speak openly. You do not have to participate and can withdraw at any time.

This interview will take between 60-90 minutes. The interviews will be audio-taped in order to transcribe the information accurately. A separate consent form will be provided for this. Thank you for your participation.

Trust **Name:**

.....

Town/City:

Interviewee:.....

Telephone No:.....(Requested only
for follow- up telephonic queries)

Interviewer:

Date:

Interview Start: **Interview ends:**

Participant code number: _____

E. Early Engagement with the CDT

16. How did you first get involved in Alchemy Development Trusts?
(Probe for: Who approached you? Why do you think you were approached? What were your expectations at that time about the role?)
17. Why did you agree to be part of the Alchemy Trusts?
- a. What are the benefits to you?
 - b. How is your pay affected by your role?
 - c. What were some of your reservations about the role?
18. In your view, does the Alchemy organizational structure enable the mandate of the Trusts to be fulfilled within the Foundation phase? (Probe for: Role of founder/shareholding Trust/community dev Trust)
19. In your view, does the CDT operational structure enable the mandate to be fulfilled within the Foundation phase? (Probe for: Role of Operations manager, administrator, PDIU, founder).

F. Preparation for the role

20. How do you understand your role and responsibilities as a shareholding Trustee in the Alchemy structure? (Probe for: understanding of the primary tasks, who briefed you about this? your feelings about the role).
21. What training and preparation did you receive for your role as a Shareholding Trustee?
(Probe for: training programmes –length of time, who conducted it, where was it held, who else attended the training, the availability of course materials, feelings about value of the training ; and on-the- job mentoring, who does this, how often does it happen; generally feelings of how prepared you feel)
22. Looking back how would you have improved your preparation for this role?

G. Implementing the tasks of the CDT?

23. What are you enjoying about your work at the moment?
24. Looking into the CDT governance, kindly explain what is working well and what the main challenges are? Do this by giving examples.

- 25. Describe relationships amongst the shareholding Trustees, the Founder and other relevant institutions with the CDT? (Probe: Main success and challenges) Give reasons for your answer.
- 26. So far, what has been the experience of integrating and forming partnerships with local dev. Forums, government, traditional structures and other mines? Give reasons for your answer.
- 27. In your view, what amount of time is required for CDT to complete the Foundation phase? What are your reasons for your answer?

H. Lessons Learnt

- 28. What top two improvements can be implemented in the Foundation phase? What are your reasons for saying this?
- 29. What support do trustees need to carry out the role more effectively? (Probe for: procedures, incentives)
- 30. What strengths and opportunities can be leveraged to make the Trusts more effective?

Is there anything you would personally like to add?

.....

Thank you for your time. It is really appreciated.

APPENDICES 3: ETHICAL CLEARANCE CERTIFICATE.



Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Mapheto

CLEARANCE CERTIFICATE

PROTOCOL NUMBER: H17/11/28

PROJECT TITLE

Evaluating capacity development for the Alchemy Community Development Trusts to achieve trust deed tasks within the foundation phase

INVESTIGATOR(S)

Mrs P Mapheto

SCHOOL/DEPARTMENT

Mining Engineering/

DATE CONSIDERED

17 November 2017

DECISION OF THE COMMITTEE

Approved

EXPIRY DATE

11 December 2020

DATE 12 December 2017

CHAIRPERSON

JP


(Professor J Knight)

cc: Supervisor : Ms N Coulson

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10004, 10th Floor, Senate House, University. Unreported changes to the application may invalidate the clearance given by the HREC (Non-Medical)

I/we fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee. **I agree to completion of a yearly progress report.**

Signature


Mapheto

29/01/2018
Date