

A close-up photograph of two hands shaking. The hand on the left is light-skinned, and the hand on the right is dark-skinned. The background is a soft, warm gradient of yellow and white. The text is overlaid on the lower half of the image.

*Anglo American's*  
**CORPORATE SOCIAL INVESTMENT**  
*in South Africa*

# Introduction

IN AUGUST 1985, a group of South African businessmen broke every rule in the apartheid book by travelling to Lusaka to speak with top leaders of the African National Congress (ANC) in exile. The Lusaka delegation was headed by Anglo American chairman, Gavin Relly, and most of the other delegates came from Anglo-related business interests.

"Relly's Lusaka trip was a watershed event," says Michael Spicer, executive vice-president of the giant company's corporate affairs division. Relly acknowledged the central importance of the banned organisation in any new dispensation to emerge inside South Africa. He also suggested to the ANC leadership that they needed to rethink their economic policies, to develop away from the socialism-based economic sentiments expressed in the 1955 Freedom Charter and align themselves much more with the globalising free market economy that was the emerging reality of the mid-1980s.

Clearly, Relly hoped to influence conditions in the country in which Anglo American had the majority of its major investments.

After Mandela's release the first businessman he asked to see was Gavin Relly. They discussed the general threats and opportunities for the South African economy now that a negotiated political settlement seemed possible.

*The ANC's Oliver Tambo, Zambian president Kenneth Kaunda and Anglo American chairman Gavin Relly during the groundbreaking talks with the ANC in Zambia in 1985*







# S

## ir ernest's Legacy

SPICER refers to Anglo American's founder Sir Ernest Oppenheimer's famous 1950s statement that while profits were central for Anglo American, the company should seek to make them in such a way as to make a permanent contribution to the society in which it operated. "We sometimes agonise over the question of whether we should try to follow other global companies by spending time and effort on developing a formal mission statement. But we always return to Sir Ernest's words. They can hardly be bettered. And they pre-date by more than three decades the current preoccupation with the idea of sustainable development."

It is worth noting that the key themes that emerge in this survey of Anglo American's corporate social investment in South Africa were evident from the days of Sir Ernest's dictum: a wide and deep commitment of executive time to broader social involvements; an emphasis on education and capacity building; and a belief in responding to community initiative and thereby helping build the social fabric that constitutes civil society, one of the key ingredients of a stable and prosperous polity.

"Sustainable development may seem a rather nebulous concept that began with concerns over the environment – global warming and damage to the ozone layer, for example – but by the late 1980s and early 1990s it had spread to the idea of broader community involvement as a business imperative for large commercial endeavours. Particularly for companies operating in developing countries, environmental impact studies must now be accompanied by community involvement studies. It's as unacceptable for companies, when they move on to leave great holes in the earth and polluted rivers as it is to leave disrupted or unenriched communities. Corporations have in these spheres to earn their licence to operate," Spicer comments.



# E arly efforts

ANGLO American's early efforts focused on the community involvement aspects such as education and job creation – and only later with issues pertaining to the environment, safety and health. This reflected the particular circumstances in South Africa at the time but also the ongoing debate between the North and the South, developed versus developing world, as to the differing sustainable development priorities the two face.

“Yes, of course, there's self-interest involved,” Spicer says. “But let us borrow the phrase, enlightened self-interest. We didn't believe in the 1980s, and we don't believe now, that poverty, instability and inappropriate economic policies are at all conducive to doing business. So we've always been driven by this idea of socio-economic development that is sustainable and political configurations that are stable. That is what Rely was doing in Lusaka, and that is certainly why Anglo American, also in the mid-1980s, put many millions of rands into Clem Sunter's futures research and scenario planning.”

The result of this research was the best-selling book, *The World and South Africa in the 1990s*, which contained a detailed analysis of global economic trends, and then placed South Africa within this context. It had become abundantly clear that in the mid-1980s South Africa was at a crossroads where deliberate economic and political choices needed to be made. The one way forward was characterised by intransigence and conflict coupled with a stagnant and isolated economy: this was the low road. The alternative was political negotiation and compromise at home and an acceptance that South Africa would need to join the global free market mainstream if sustainable development was to be possible: this was the high road.

These scenarios were originally developed for internal use only, to help Anglo American managers to contextualise themselves in a broader world. Very soon, however, Sunter, who is now chairman of the Anglo American Chairman's Fund, and his team were being invited to do their futures presentations to a much wider audience. Before long, tens of thousands of key South Africans were familiar with the low and high road possibilities for the future and the imperatives necessary to move from one to the other.

Certainly, after Nelson Mandela was moved from Robben Island to Pollsmoor Prison on the mainland, he asked to see Sunter, having read Sunter's book. Then F W de Klerk, South Africa's new president, started using the terms, high road and low road, as the only realistic options facing the country – and by then most reasonably informed South Africans knew exactly what he was talking about.

*Nelson Mandela walks free in February 1990 after spending 27 years in prison*

*Clem Sunter's book proved to be a pivotal work in changing entrenched mindsets and in preparing people for the post-apartheid world*







## ocial responsibility and the elections

THE Anglo American broad conception of corporate social responsibility was again in evidence during the run-up to South Africa's first democratic elections in 1994. In 1993, Chris Hani's assassination brought the country perilously close to outright chaos. A peace accord was finally brokered by the churches and business leaders, including Anglo American executive Bobby Godsell. In 1994 itself, the elections were threatened by Mangosuthu Buthelezi's refusal to join the process. After the international mission headed by Henry Kissinger and Lord Carrington had failed, behind the scenes the Consultative Business Movement (made up in large part of individuals from Anglo American-related companies) had worked with the KwaZulu-Natal-based Christian organisation Africa Enterprise to bring Okumu, a friend of Buthelezi's, to South Africa and then set up the negotiations which finally led to Buthelezi's Inkatha Freedom Party contesting the elections.

"This exercise illustrated the ability of key business players to trade on existing relationships to achieve a beneficial result," Spicer, who was intimately involved, says. He also adds that an Anglo American plane was used to shuttle the key players between KwaZulu-Natal, Johannesburg and Cape Town and that Anglo American among other businesses contributed to the costs of the shuttle diplomacy.

Anglo American's broader corporate social responsibility activities didn't end here. Not long after the elections, the Brenthurst Group (of top South African businessmen) was formed as a sounding board which the government could use when necessary. Although this group has been criticised as an attempt by Anglo American to manipulate the new government, it was in fact, President Mandela himself who asked for this kind of assistance and who nominated the business leaders who met when government sought to consult them on issues.

*Anglo American played an important part in brokering a peace accord with Mangosuthu Buthelezi, which cleared the way for the contesting of South Africa's first democratic elections in 1994*





# the **N**ational business initiative

LESS visible is Anglo American's substantial support of some of the country's most influential research units and thinktanks such as the Centre for Policy Studies, the Institute of International Affairs, the Centre for Development and Enterprise, and the Institute of Race Relations. It was Harry Oppenheimer (then Anglo American's chairman) together with Anton Rupert who motivated the founding, in 1977, of the Urban Foundation, and the Anglo American group of companies was by far and away the largest financial supporter throughout its 18-year history. The progressive Consultative Business Movement (CBM), was heavily supported by Anglo American, as is the National Business Initiative (NBI), the successor body to the Urban Foundation and CBM as contributors to civil society and a plural democracy.

The NBI, as the development arm of business, is now making considerable contributions to the field of local economic development, strengthening local authority governance, including financial management and the concept of private/public partnerships in service delivery, education, particularly quality improvement programmes and managing the Business Trust.



# the **B**usiness trust

IMPORTANT as these initiatives are, perhaps the most significant private sector initiative so far in South Africa has been the commitment of R1 billion into what is called the Business Trust. The idea was launched in 1998 when 500 businessmen met at a seminar in Gauteng to discuss the idea of making a focused contribution to the ruling imperatives in South Africa of job creation, education improvement and crime prevention. Anglo American companies were once again prominent in this endeavour. In fact, the concept of a business-led initiative acting in partnership with government as a way of building trust between the parties, as well as helping meet society's most pressing challenges, was born in 44 Main Street.

The Business Trust has identified tourism as having huge short-term job-creation potential, and has consequently committed R50 million per annum for three years to this sector. Most of the money has been spent on marketing and training. South Africa's largest ever marketing tourism campaign was launched

internationally in January 2000. The target set for this initiative is to double the number of tourists entering the country by 2002. At the same time, a partnership has been entered into with the Hospitality Industry Training Board to design and register 35 new national tourism qualifications and to train 10 000 employed and 5 000 unemployed in these qualifications by 2003.

On the education front, several important programmes have already been launched. One which will involve one million primary school children in some 900 schools aims to improve basic reading and writing skills and so reduce repeater rates and improve the efficiency of the education system. Another seeks to restructure and upgrade South Africa's neglected technical college sector, increasing industrial linkages, enrolments, and the employability of graduates. A third educational programme will be conducted in partnership with the Joint Education Trust, and will seek to improve the performance of half a million secondary school pupils by enhancing district office performance and training 500 school governing bodies and management teams.

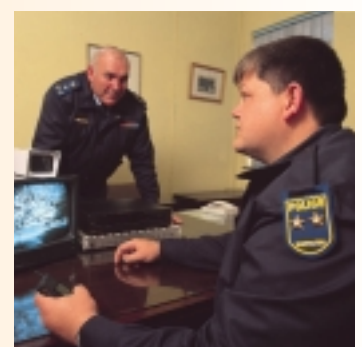
Coupled with the Business Trust's emphasis on education and job creation is a telling focus on South Africa's endemic crime problem. In 1996, President Mandela invited businessmen to help the government fight crime. The result was the formation of Business Against Crime, an organisation which will receive nearly R30 million from the Business Trust over the next five years. The money will be used to assist the four government departments concerned with the administration of the criminal justice system to integrate their efforts. From its inception, Business Against Crime stressed that its aim was to help enable government to perform its law and order functions by building capacity and bringing business expertise to bear. Improvements have already been made, such as a 10% reduction in the number of awaiting-trial prisoners and, a 30% reduction in the length of detention cycle, thus securing annual savings of R60 million. Specific Business Against Crime targets over the full five years of Business Trust support will be to reduce crime by 10% while at the same time improving the operation of the courts and reducing the high numbers of repeat offenders.

Another achievement of the Business Trust was the establishment of a government/ business consultative body now known as the Big Business Working Group under the chairmanship of President Thabo Mbeki. The idea is to facilitate interaction at a top level between business and government on the critical issues of job creation and human resource development. Among the list of business leaders serving on this innovative body are Leslie Boyd, Bobby Godsell, Julian Ogilvie Thompson and Michael Spicer, all prominent figures from the Anglo American stable.

*Teachers participating in Potchefstroom University's SEDIBA project aimed at improving science teaching*

*Business Against Crime was formed by a group of prominent South African businessmen following then President Nelson Mandela's call for assistance from business in the fight against crime*

*The Business Trust has committed R60 million a year for the next three years to boost the marketing and promotional initiatives of SATOUR, the country's international tourism promotion organisation*



# N edlac



*Meeting of the NEDLAC executive committee*

NEDLAC's predecessor, the National Economic Forum, had its roots in Gavin Reilly's visit to Lusaka and the then ANC belief in State control of major industries. "Before Mandela's release, the emerging ANC people were talking about the nationalisation of mining and banking," says Anglo American's executive vice-president and economic adviser, Jim Buys. "Naturally enough, this led to an increasing engagement by business with the ANC and Cosatu (South Africa's powerful trade union conglomerate). There was also the need to encourage foreign capital which tended to press the debates much closer to economic mainstream thinking."

When NEDLAC was formed to assist with the formulation of economic policy for South Africa, the new government soon discovered they had committed to a level of dialogue that was unsustainable. Argument was too heated, and the demands from both Cosatu and business too great to facilitate the kind of rational decision-making required for decisive government.

"So the fortunes of NEDLAC waned somewhat," comments Buys, who has been a member of the body since its inception and is currently the convenor of the business side. "But now a more realistic balance is being restored. NEDLAC is an appropriate place for the discussion of some issues, an economic consultative forum where all the various interest groups can work towards a unified national economic vision."

# the M illennium labour council

THE wheels connecting business and organised labour have since 1994 needed constant oiling. The effects of entering the global economy not only included bigger markets and huge export opportunities, but also vastly increased competition. This prompted most businesses to carefully examine their own efficiency levels, which in turn contributed to large job losses in almost every industrial and commercial sector. So unemployment has loomed large in the country's recent economic history, with labour and business, and not infrequently the State as well, at serious loggerheads.

Out of this unsatisfactory situation has come a new breed of co-operative effort in the form of the Millennium Labour Council founded on 7 July 2000 upon which both labour and business are equally represented. As its starting point, these two sides in the Millennium Labour Council agreed on two

crucial issues: that current unemployment, job losses and lack of job creation constitute a deepening crisis in South Africa requiring urgent attention; and that current levels of poverty and inequality are unacceptable and new initiatives are needed to improve quality of life and decent work for all.

The objective of the Millennium Labour Council is to develop a shared analysis of the crisis and potential solutions which could be pursued through NEDLAC, or directly with government, whichever way is most appropriate. This historic agreement has been signed by Zwelinzima Vavi, general secretary of Cosatu; and, representing business, by Leslie Boyd, executive vice-chairman of Anglo American and chairman of Anglo Platinum.

“The Millennium Labour Council idea started towards the end of 1998,” says Boyd, “after a study tour of the Netherlands and the Irish Republic, both of which had been suffering from high unemployment rates and economic stagnation. In early 1999, the South African study tour comprising five trade unionists and five businessmen took place. The chemistry on the trip was quite remarkable,” Boyd recalls. “There was a genuine comradeship, and a growing realisation that together we could make a difference to conditions in South Africa.”

Anglo American’s contribution to the process has, in Boyd’s view, not been a costly financial exercise. Funding from the ILO and from NEDLAC was only supplemented from time to time by the businesses involved. But the contribution, in terms of the time and expertise of senior Anglo American managers during the months of negotiation required to put the Millennium Labour Council together, has been huge.

The way forward, now, is for the Millennium Labour Council to develop a shared analysis of the economic and employment crisis currently facing South Africa, and to begin to devise a relevant set of solutions. “I’m not starry-eyed about our prospects here, but I am optimistic,” says Boyd. “My belief is that South Africa has been on the right economic track now for several years. But we can’t expect to be economically successful if we continue to pursue a purely confrontational relationship between business and labour. There’s a lot of hard work ahead, but I believe the Millennium Labour Council has a real contribution to make.”

*Signing the Millennium Agreement: (seated left to right) are Zwelinzima Vavi, Cosatu general secretary, Leslie Boyd, and Charles Nupen of the International Labour Organisation. Standing (left to right) are Philip Dexter, an executive director of Nedlac, and guests of honour President Thabo Mbeki and the Minister of Labour, Membathisi Mdladana*







## oint education trust



AT THE commencement of the 1990s, when the then government allocated some R2 billion to the Independent Development Trust (IDT) for housing and infrastructural improvements, it was Anglo American and associate company De Beers that suggested a similar response from the business sector to complement the IDT focus, with one concentrating on human development. Out of this suggestion emerged the Private Sector Initiative (PSI), a R560 million commitment (with Anglo American and De Beers contributing just under half) which finally gave rise to the Joint Education Trust (JET).

The establishment of this remarkable organisation represented the first time that business, labour, and black political groupings, some of them only recently unbanned, sat down together to discuss a problem of mutual concern – the crisis in education. Armed with the consequent high level of legitimacy, JET went on to play a role far beyond its original grant making function. It helped to shape a new direction for the educational non-governmental organisations in the financial crises which afflicted that sector in the post-1994 era.

JET began to introduce the concept of quality control to educational NGOs, as well as the idea of financial self-sustainability and close co-operation as service providers for the national and provincial education authorities. Above all, JET has developed project management skills, particularly in the field of quality improvement projects in schools, which will provide a lasting monument to those far-seeing minds who originally developed the PSI and JET concepts.

*In the early 1990s, the Anglo American group provided key financial support for the formation of the Joint Education Trust (JET) which sought to address the crisis in education in South Africa*







# Anglo American's response to AIDS



CLEM Sunter is Anglo American's representative on the South African Business Council on HIV/AIDS, an organisation which was relaunched in February 2000. The council owes its origins to President Mandela's brief participation with the global Business Council on the epidemic, where he gave a commitment to persuade South African business to do the same.

"We're still in embryonic form," Sunter says, "but we have undertaken two main tasks. The first is to represent the interests of the private sector and to seek partnerships with other important stakeholders in the South African economy – the state, labour and NGOs – all of whom are looking for effective ways to combat the epidemic. The second is to establish a resource centre and website to communicate best practice responses and other information to the business sector. We're still in the process of looking for funding for the establishment of this service."

At the workplace, Anglo American companies have adopted a dual approach to the disease: preventing it and managing it. On the prevention front, AIDS-awareness programmes are coupled with the syndromic treatment of traditional sexually transmitted diseases (untreated STDs greatly facilitate the spread of HIV) as well as the widespread availability of condoms. Planning for the impact of the epidemic includes monitoring of disease levels among the workforce and among specific job categories, and in ensuring that the various benefits, including sick and compassionate leave, death benefit and health care programmes, will not be financially compromised by HIV/AIDS.

Recognising that external social conditions play an important role in the spread of HIV infection, Anglo American companies have looked to the communities beyond their own perimeter fences. They have sought to form partnerships with local authorities and the communities themselves to influence the level of awareness, particularly among individuals engaged in high-risk behaviour, and also the levels of social stability, through assisting in the provision of housing and small and micro business opportunities. In the Mpumalanga lowveld, a Mondi village health worker programme is, according to Anglo American's resumé of its response to the epidemic, "a landmark initiative in cost-effective company-supported primary health care which also tackles the underlying causes of HIV/AIDS".

Anglo American's strategic approach to HIV/AIDS has evolved over a period of 15 years. Initial efforts were focused on awareness, education and the prevention of infection. With the advance of the epidemic, the emphasis has shifted to minimising the impact of AIDS. This strategy relies on a twin-pronged approach:

## Prevention

The backbone of the Anglo American group's prevention programmes has historically comprised HIV/AIDS education, treatment of sexually transmitted diseases, and distribution of free condoms.

## Management

The basis of managing the HIV/AIDS epidemic relies on impact assessment and appropriate responses. Impact assessment studies have included: estimating the prevalence of infection; appraising the impact on



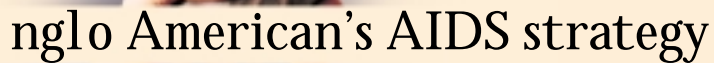
*Mothers in a community clinic are counselled about the HIV/AIDS epidemic*

*In November 1999, Anglo Coal received an award for Business Excellence in response to HIV/AIDS from the Global Business Council on HIV/AIDS. The company was cited in particular for its long-standing involvement with local communities. Presenting the award to Anglo Coal chief executive Tony Redman (right) is the chairman of Glaxo-Wellcome, Sir Richard Sykes*





# Anglo American's AIDS strategy



benefit schemes; evaluating the impact on safety in the workplace; assessing the impact on productivity by identifying key operations and key positions and quantifying the effects of absenteeism; as well as considering the potential effect on markets.

Management responses to the HIV/AIDS epidemic have encompassed: developing and implementing policies and procedures; restructuring benefit schemes to contain HIV-related cost increases; managing performance in the workplace; developing plans for replacing employees who become too sick to work; involving the unions to ensure that they understand the ramifications of the epidemic and that they buy into the management strategies; ensuring compliance with all legislation relevant to HIV/AIDS in the workplace; monitoring the progress of the epidemic and the effectiveness of the management response.



## A new proactive strategy for dealing with the HIV/AIDS epidemic

Brian Brink, Anglo American's senior vice president: medical, says "It is fair to say that Anglo American has for a long time had a proactive approach to prevention of the AIDS epidemic, but we had been somewhat reactive in managing the impact of the epidemic and communicating our response. More recently, we have tried a more proactive approach in these areas and in every instance the outcomes have been pleasing."

*A key element in combating the HIV/AIDS scourge is the use of new anti-retroviral drugs to prevent mother to child transmission of the virus*

Accurate measurement of the extent of HIV infections is a crucial first step in managing the impact of the epidemic. HIV prevalence surveys at several operations have shown that employees are willing to participate in these studies and the extent of infection amongst the workforce is, in most instances, less than would have been predicted through actuarial modelling.

*On World Aids Day on 1 December 2000, Anglo American chief executive Tony Trahar handed a R50 000 cheque to Barbara Campbell-Ker of Hospice Witwatersrand*

There is increasing evidence that early treatment intervention improves the quality and length of life of people living with HIV/AIDS. Treatment ranges from simple wellness and lifestyle programmes, through nutritional enhancement, antibiotic prophylaxis for AIDS-related infections and, ultimately, specific anti-retroviral therapy. Preliminary evidence strongly suggests that the benefits derived from early treatment far outweigh the costs of non-intervention, which manifests in the form of reduced productivity, increased sick leave and higher medical benefit costs, particularly hospitalisation.

A recent publication, *Anglo American Corporation's response to the AIDS crisis in southern Africa*, has met with an overwhelmingly positive reception. (The presentation to the Select Committee on International Development of the House of Commons was also well received and attracted wide attention.) The strong message that in our experience the epidemic in southern Africa is manageable, and that Anglo American's much-needed investments in southern Africa will continue to deliver profitable returns, has shaped a positive image for the company.

Anglo American will pursue the HIV/AIDS prevention campaign with renewed vigour. This will require total management commitment expressed through strong leadership and the will to keep going forward. Each operating division will be required to implement a comprehensive prevention response. This includes establishing partnerships with other organisations involved in fighting HIV/AIDS and extending our prevention efforts into the communities in which we operate. Our businesses are key contributors in tackling the socio-economic factors which feed the epidemic.

Group companies are encouraged to establish the prevalence of infection in the workforce and the surrounding community. This means repeating the surveys on an annual basis. We must be able to measure the extent of infection, its effects and how successful we are in stopping new infections.

Anglo American aims to implement large-scale voluntary counselling and HIV testing (VCT) programmes. Everybody who is sexually active should have an HIV test. The great majority of the population is HIV negative and must stay that way. Specific counselling for those who are HIV negative will ensure that they do not become infected. We need to pay special attention to teenage schoolchildren and also focus on the vulnerability of women.

There is much that can be done to improve the quality of life of people living with HIV or AIDS. Early diagnosis of infection and participation in wellness programmes help people to cope with their condition and stop spreading the infection. Anglo American will seek to offer appropriate and effective anti-retroviral therapy (ART) on an affordable and sustainable basis for all employees who develop AIDS. The group's operations need to ensure that the HIV care programme is extended into the community through existing public and private health service providers and NGOs.

Implementing large-scale prevention and treatment campaigns for sexually transmitted infections (STIs) will include continued efforts to distribute condoms to all employees and their partners and support of large-scale awareness campaigns to identify and treat sexually transmitted infections in both employees and their partners.

A formal system of reporting will focus attention on the effectiveness of management's response to the HIV/AIDS risk. Regular reports will cover key aspects of action taken by management and include data designed to monitor the progress of the epidemic and the success of management efforts to minimise the impacts. The response to the epidemic will only be effective if we can design effective interventions and systematically analyse the results of our efforts. The ultimate solution to the epidemic will be the development of an effective vaccine.

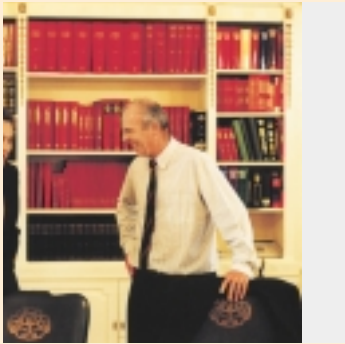


*Community stakeholder participation at the operational level has been instrumental in the success of anti-HIV/AIDS projects in the Mpumalanga coalfields*





## Anglo American chairman's fund



*The trustees of the Chairman's Fund meet four to five times a year*

UNDERNEATH this impressive network of influences and endeavour at the top level of national life, Anglo American's corporate social responsibility vision focuses on the practical side of development.

Beneath the company's concern for the development of sound political and economic policies in the country which houses its Johannesburg office and a high percentage of its mining activities, and underlying the spending of large amounts of high level executive time as well as money to bring these policies to reality on the ground, there is a final and crucial layer of concern. This concern is for the innumerable small and large initiatives, from crèches and sewing clubs to service organisations and schools, working to help ordinary people to solve the developmental problems surrounding their own lives.

This layer is the province of a vibrant body – the Anglo American Chairman's Fund.

"In all our dealings with people who apply to us for funding, we try to distinguish between those who see themselves as victims and those who see themselves as potential victors," says Margie Keeton, a trustee of the Anglo American Chairman's Fund and chief executive of Tshikululu Social Investments, the company which administers the Fund. "Development is a very difficult business, demanding of ordinary people who do take up the challenge, great commitment and courage. It's not so much winning as trying that we count as the cardinal attribute. Projects may seem to fail by someone else's external measure of success, but what was the quality of the attempt? Everyone can do something that will make a difference. A positive attitude and a willingness to learn from the experience in order to do better is, to us, the key. In this regard I am always reminded of an advertisement for a British charity. The picture was of a one-legged swimmer in a race; the caption read, 'Don't look at the disability, look at the ability'."

Fund manager, Sizile Mabaso describes the elaborate process by which the Fund's philosophy is translated into action. "The appeals for funding all come through the post. We've had more than a thousand serious ones so far this year, some well prepared, others hand written and scant. But we're always looking for some sign of commitment and self-propulsion."

About 30% of the appeals lack these ingredients, or are for initiatives that the Chairman's Fund does not consider, such as overseas tours or commercial ventures. These elicit an immediate regret. Another 30% of the appeals are sent letters requesting more information about the organisation or project in question. Of these, many never reply. Others reply in surprising detail, sending photographs and reports and balance sheets as requested. These are then registered along with the remaining 40% as substantive requests and thereafter passed into the system for further consideration.

"Apart from the obvious straightforward regrets," says Keeton, "we do try to engage with everyone who approaches us. The larger, more substantial projects are obvious candidates of interest, but the Chairman's Fund looks further than this. Whether it's a request for a photocopier, for school fencing, or for an entire building, we make it our business to find out more."

# the Fund that cares

CORPORATE social responsibility is a high-sounding phrase that means different things to different people – particularly in South Africa.

To some businesses, it's that rather onerous sentiment they have to display to keep on the right side of the post-1994 government. To other businesses, the challenge of corporate social responsibility spending is to see how close to the advertising wind they can sail without arousing too many suspicions. And to many observers, of course, it is the extraction of conscience money from the white capitalists who worked hand in glove with the apartheid regime.

Although there is an element of truth in all these variations on the corporate social responsibility theme, none seem apposite when attempting to define the essential *modus operandi* of the Anglo American Chairman's Fund, both the longest-standing (over three decades) and cumulatively biggest corporate social responsibility fund in South Africa.

Fund chairman Clem Sunter points out that since Anglo American isn't concerned with branded consumer products it would be pointless to attempt to derive advertising mileage out of the company's social investment spending. There is also a great deal of evidence to show how the company – and the Fund – worked against the policies of the previous regime and for the more equitable policies of the present one – particularly in the opening up of economic opportunity, education and other social services. How then should the Anglo American Chairman's Fund be defined?

There is a dedication “to making effective and sustainable use of limited resources to create an environment which enables ordinary people to assume greater control of their lives,” says an official document. “The Fund is committed to supporting development initiatives that are directed towards the alleviation of poverty and the upliftment of the general community.” Under these guiding principles, the Fund channelled over R30,6 million in support of 670 different projects during 1999 and similarly in 2000.

*The trustees of the Chairman's Fund are made up of several key executives of Anglo American. Margie Keeton (top right), herself a trustee, is chief executive of Tshikululu Social Investments, the company which administers the Fund*





# D

## iversity of support

AS ONE moves up the scale and into the larger projects, so the attention of the Fund's board is focused on fewer projects, but in much greater detail. This trend is confirmed by a glance at the agendas for the Fund's quarterly meetings. The appeals for consideration are documented in considerable detail and often comprise more than 150 pages. Education in all its many forms is the major focus of the Chairman's Fund.

The Fund provides assistance to a wide variety of programmes helping schools, often in remote rural areas, secure basic facilities, to projects working with learners with special needs, pioneering new forms of learning for individuals of all ages for whom formal schooling has not traditionally catered, as well as structured programmes for improved school performance in the key disciplines of maths, science and English. These contributions are matched by grants supporting innovative projects in higher education to increase access and produce graduates with the qualities needed to meet South Africa's changing skills, service and leadership needs.

Other areas attracting the Chairman's Fund's support include community health (with a special concern for interventions helping society deal with the sharp realities of HIV/AIDS), skills training and income generation, environmental stewardship and care for the elderly, the very young and others isolated from established support and relief networks. It also recognises the importance of cultural programmes showcasing new talent and enriching the lives of all.

*Buyani Community School in Finetown, south of Johannesburg, recently received R450 000 from the Chairman's Fund for sorely-needed improvements and expansions*

*Former chairman of Anglo American Gavin Relly with Professor Phillip Tobias (centre), and his successor at the University of the Witwatersrand Dr Lee Berger, contemplating some of the earliest specimens of humankind from fossil sites near Johannesburg*



# R

## esponsible corporate citizen



*A microbusiness hive at Western Deep Levels gold mine. Enterprise development is critical in the war against poverty. Ultimately its contribution can be much greater – it can be the engine of economic growth*

*The Self Help Association of Paraplegics (SHAP) Centre in Soweto provides much-needed employment for disabled people*

MICHAEL Spicer comments that Harry Oppenheimer's pronouncement that the best form of redistribution is the redistribution of opportunity really does lie at the heart of our perception of corporate social responsibility spending. This is why Anglo American places such emphasis on the support of education and more broadly the kind of capacity building required across society if a democracy is to have sound institutions. Of course, there's self-interest involved. Anglo American can't operate as a very significant force in southern Africa and a global business player without a steady stream of world class people drawn from the society in which we have our roots. Yet there's more to Anglo American's corporate social responsibility philosophy than this. He adds, "I think there's been something of a shift from our old position of 'doing good by stealth'. Such an approach was probably necessary during apartheid. Now we are definitely looking to integrate what we do into the name and persona of the company. We need to be widely understood as a responsible corporate citizen, participating in society in a manner over and above the bedrock of wealth creation. This is undoubtedly part of the process of validating our licence to operate.

"Yet this shift in the group's philosophy has demanded clear thinking. In the post-1994 era particularly, it's been important that we carefully define the nature of our participation, and its underlying intent. What messages should we be sending to the political and opinion-forming audiences? What's the role of big business in a developing society like ours in South Africa? What should we be contributing? There is a very definite answer to these questions."

Firstly, Spicer believes the group should be helping to build and develop the market democracy launched in 1994, and that corporate social responsibility should support this effort, not simply by nurturing entrepreneurs but by backing community-driven initiatives. "We believe very strongly in the concept of civil society as a key ingredient of a successful market democracy," he notes.

Anglo American's contribution stretches from the major inputs made to the business sector's partnership with government right through to the smallest grants from the Chairman's Fund. At the top end of this spectrum, the group has contributed several hundreds of millions of rands to JET and the Business Trust for projects to improve the quality of mainstream education and training, and to develop tourism as an economic development tool. The other end of the same spectrum is undoubtedly the commitment of the Chairman's Fund in assisting hundreds of small projects within civil society.

Margie Keeton: "Thinking that development is like a duck's foot is helpful when trying to understand the relationship between government inputs and those coming from civil society, particularly in the form of corporate social responsibility funding. The 'toes' which give shape to the foot can be likened to government policy and input commitment and investment. This is critical, but without the rather thin and sometimes fragile webbing between the digits, no duck can swim and no society really develop. The webbing is the contribution of civil society, community groups and non-governmental agencies and it is here where business social investment can have the greatest impact.

“Of course, the government’s concern must be with development with a capital D. It must focus on delivery in volume. Because it must do this, it cannot differentiate between small community initiatives, many scores or hundreds of which go to making up the webbing. This is where the non-government agencies come into their own: they can differentiate and fine-focus. Corporate social responsibility funding, particularly of the kind practised by the Anglo American Chairman’s Fund, is much better at this. Such funding doesn’t necessarily have a systemic impact, nor does it dramatically realign society. But it can support large numbers of small interactions and contribute to a multiplicity of small changes of direction. This is what strengthens the webbing between the toes of our duck’s foot.

“Questions are often asked relating to the *modus operandi* of the Fund. Are we proactive or reactive? In fact, it’s neither. I like to say that the Chairman’s Fund is responsive. We’re not telling communities what to do. The initiative comes from the communities and it is in the quality, not necessarily the size, of its response that the Chairman’s Fund makes to their ideas that really matters. Anglo American’s Chairman’s Fund is not just about writing a cheque. We really try to add value in a number of ways.

“The first way is through the message we send out. The Chairman’s Fund responds to every single application it receives. The message is often simply that Anglo American hears you; Anglo American cares. This builds confidence in the company because we are taking even the humblest initiative seriously. So many applicants write back to us to thank us for actually reading their proposal and for asking questions about it. The policy of responding to all applications also forms part of the Chairman’s Fund’s selection process. How the applicants respond to our questions is invariably revealing of their *bona fides*.

“All this helps in the process of building mutual trust until finally the grant is made and we tell the grantees: now go away and do it, then tell us what you did and what you learned. Our approach is deliberately informal: we have no application forms, depending instead on this exchange of letters, discussions and visits.”

It is in the diversity of its grant making, its willingness to take every initiative seriously and its capacity to support projects of all kinds, from the big and established to the small and vulnerable, that makes the Chairman’s Fund different. The impact of Anglo American social investment is there for all to see in the work of thousands of enterprising South Africans, bringing change where it is needed most.

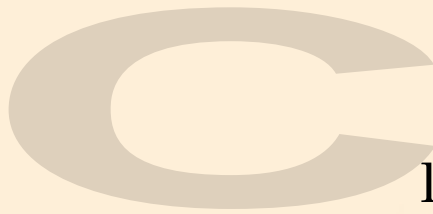
It’s a remarkable process, and it goes much further than material empowerment. These interactive methods used by the Chairman’s Fund nurture confidence and intellectual growth in the most unexpected corners. In this way, the Chairman’s Fund is providing vivid lessons on how business, through attention to detail and a policy of genuine care, can help to enrich South African society as it grapples with those mountainous development problems still dogging the way forward.

*Tiger Kloof, a former mission school, was closed down by the apartheid government in 1963. In 1992 it was re-opened, with substantial backing from the Chairman’s Fund and others*

*Anglo American chairman Julian Ogilvie Thompson and executive vice-president and Business Trust trustee Mike Spicer with national director of the READ Educational Trust Cynthia Hugo (right) at Ukhanyiso Primary School in Gauteng*







## Clear guidelines

THE establishment of clear guidelines and categories into which appeals are sorted helps on the administrative side. The approximately R30 million allocated to the Chairman's Fund each year is divided roughly between very large projects, mostly dealing with the building of infrastructure, in which the Anglo American Chairman's Fund facilitates delivery, mid-sized and small projects, as well as dedicated amounts spent on pre-school and school programmes.

The big projects the Anglo American Chairman's Fund supports, whether buildings or grants to established NGOs delivering much-needed programmes in education, community health or skills development, can and do make a real difference. Many of them are flagship initiatives that Anglo American is proud to be associated with. But the smaller grants are also important because they allow the Fund to get to grips with the real developmental needs of communities all over the country.

To speed up the process of grant giving in general, the Chairman's Fund's board of trustees deals directly only with the first two categories, the special and medium-sized projects, when it meets at its regular quarterly meetings. For the small grants – the bread and butter of the Chairman's Fund – the trustees have delegated authority to the management structure within Tshikululu to decide and dispense. (Special meetings are held regularly to decide on scores of small requests).

In a typical meeting the team looks at criteria: whether the school or crèche has strong community roots? A constitution? Whether it is doing something meaningful, rather than just child minding? Whether the teachers are trained? The funding invariably goes into an immediate practical need such as educational toys or teacher training. Together with requests, the Chairman's Fund receives photographs of humble facilities – wood and iron structures, thatched huts – and small children using the puzzles and building blocks and cards provided by this level of Anglo American funding.

The Fund would rather give small amounts to lots of beneficiaries than bigger amounts to only a few. It is about extending one's vision to bring help and hope where projects are making a difference in very difficult circumstances.

*A glimpse of the 'Great Beyond': maths and science schoolchildren from Gauteng with world-renowned astrophysicist, Dr George Carruthers, a participant in the Chairman's Fund-sponsored International Astronomy Conference at the University of the Witwatersrand in January 1996*

*The construction of the Botanical Society conservatory (opened mid-1997) at Kirstenbosch National Botanical Garden was made possible in large measure through a Chairman's Fund grant*





## Twenty-five years of progress

Since 1975, the Anglo American Chairman's Fund's schools programme has provided in excess of R30 million to more than 1 000 rural schools struggling with a shortage or absence of classrooms. In addition to supporting community classroom building, the Chairman's Fund is happy to consider other requests from individual schools for practical needs where there is evidence of special commitment.

Over the years, the Chairman's Fund has been the mainstay for a multiplicity of efforts broadening and deepening the country's social reserves in the fields of education and community development, but also in youth development, health, entrepreneurial and skills training, cultural activities and the arts, environmental awareness and support for the elderly, the disabled and others with special needs.

Its broad base of donations and countrywide coverage give the Fund the experience and confidence to identify important cutting-edge projects, from which other donors with a more narrow focus might shy away. And the potential transformative impact of one such pioneering success will be very much greater than simply replicating tried and tested models. Not everything which the Chairman's Fund supports is cutting-edge or innovative, nor should it be. As long as people are in need there will always be a place for straightforward welfare and simple works of charity.

During 2000, 28 community pre-schools and crèches received modest grants under a programme to support grassroots initiatives. On the agenda on a particular day there may be seven appeals, six of which are successful, although the amounts actually given are invariably less than the ambitious funding requested.

With so many grants being made, one wonders how the Chairman's Fund ensures that its money goes to the right projects where it won't be wasted. It is a combination of experience and judgement, but one of the benefits of seeing so many initiatives, is that the Chairman's Fund team has developed a keen sense of what works and what does not. "You learn to appreciate the patterns in the bigger picture, while picking out the finer detail as represented by the individual projects under review," Keeton says. The Chairman's Fund also tries to be a flexible donor. "We don't demand what they cannot give. We do also like to see progress reports – photographs of new classrooms being built, for example. Our main concern is to see that our grant, however small, has produced some positive result."

Of course, there is no guarantee that those who receive grants will use them for the correct purpose. But the team's experience has been positive and fairly strict selection criteria are used. In addition, the team has to be satisfied that the organisation making the appeal is financially secure, has a constitution, and looks sustainable.

The most important safeguard is identified by Sizele Mabaso, when she says: "Although we strive always to do what is developmentally sound, we are inevitably doing what the communities want. Because of this, in the majority of cases, the communities safeguard our investments quite as well as we would do if we were there."

*A typical day in the life of the Chairman's Fund as the team goes about its day to day business, sifting through applications for assistance*



## Large projects



DONALD Millwood, in charge of the Chairman's Fund larger projects, says there are certain basic principles by which the Fund works when looking at larger projects.

"If the proposal seems worthwhile but is too costly, we try to find what else can be done rather than simply saying 'no'. We therefore seek to add value to the original proposal in terms of alternative ideas and good design. We also look for buy-in and risk-sharing by the other parties involved in the project. The Anglo American Chairman's Fund rarely gives everything." The Aliwal North campus of the East London Technikon is an example of alternative involvement.



The East London Technikon had approached the Anglo American Chairman's Fund to assist them in developing their satellite campus in Aliwal North. The situation in this Eastern Cape town was that some technikon classes were being held in a local high school, and others were taking place in an old building in the centre of town. The technikon was, however, under pressure to vacate the high school premises; and had already identified a suitable site. It was seeking R3 million to R5 million to erect the necessary buildings.

"The need was obvious," Millwood says. "The technikon was doing good work training local students in computer skills and various commercial subjects. But the number of students involved did not seem to warrant the level of expenditure requested. So we went down to have a look."



With the Chairman's Fund's encouragement, the college looked for an alternative. An old building in the centre of town was identified and bought at a nominal cost from the local authority. Under the Chairman's Fund guidance, renovation plans were drawn with a revised price of R1 million. The Chairman's Fund awarded a grant of R750 000 towards this project on condition that the technikon found the balance.

The revamped building is now a landmark and the town is genuinely proud of this new asset. There are social spin-offs which, together with the urban renewal aspects of the project, have been unexpected dividends.

*With the aid of a R750 000 grant from the Chairman's Fund, the Aliwal North campus of the East London Technikon has revamped premises which are now a landmark in the Eastern Cape town of Aliwal North*

THE WOMEN of the Bophelo Community Association (BCA) decided they could no longer allow their children to be educated under apartheid, so in March 1989 they established the Bophelo Impilo school in inner-city Johannesburg. In 1991, the rapidly growing school moved to an empty Afrikaans high school in Mayfair, the premises later being donated to the BCA. About 500 learners of all races and many religions, including a large contingent of street children, destitutes, orphans and over-age learners, attend the school. Several classrooms have been converted to hostel accommodation to cater for those inner-city dwellers with accommodation problems. The school has asked the Chairman's Fund to consider building new classrooms to replace those being used as accommodation, or to build a hostel complex for more than 300 learners.

Keeton notes that the school undoubtedly possesses "that elusive ingredient that turns an ordinary project into a piece of developmental magic" and that the Chairman's Fund's Special Projects section is currently engaging with the women of Bophelo Impilo.

The principal is an elderly woman named Marie van Lingen and her women of Bophilo are impressive.

Upstairs classrooms have been converted to dormitories, six rooms for 220 boarders. Storerooms have been converted into rudimentary ablution facilities. Laundry is done in two big washing machines donated by a Dutch Reformed Church in Centurion. The beds, which have come from various sources, have all been modified into double-decker bunks which stand in close ranks covering every square metre of floor. Van Lingen tells that because of the shortage of classrooms, teachers are holding classes on the stage of the school hall, in the main foyer and in the staff room, the auditorium doubles as a dining room for the boarders and there's an adult sewing club under the stage. A school kitchen in a prefab in one corner of the playground dispenses bread and juice.

The women have presented the proposal: a site plan, the title deeds, copies of the architect's drawings of a hostel complex capable of housing and feeding just under 300 in 12 separate units, with kitchen, dining room, offices and laundry in a central block. Van Lingen says the optimum size of the school would be 700 pupils, 300 of them boarders. "Anything bigger and you lose the personal touch. Up to 700, and you can still hug one here and pat one there." The Chairman's Fund needs to know if the hostel can be self-sustainable. Has a business plan been prepared? One of the Bophilo women, dignified in her tribal dress, answers: "We've been around for 15 years. That's a proud record. We know how to deal with money."

Before the Anglo American Chairman's Fund made a decision, Bophelo Impilo needed to refine their proposals and make them really practical, and cut costs. The Chairman's Fund introduced the concept of negotiation rather than that of a simple hand-out. On 5 December 2000, the Trustees voted R4 million towards the project, subject to a few conditions being met.

*The women of Bophelo Community Association have created a unique inner-city school in Mayfair, Johannesburg attended by a large contingent of street children, destitutes and orphans, and which also incorporates a thriving business hive*





# E

## lusive ingredients

“WHAT we are constantly on the lookout for is that elusive ingredient that turns an ordinary project into a piece of developmental magic,” Keeton says. “Often it’s in the group of people at the heart of the project, or in one person. Always, it’s got to do with genuine commitment, and with a determination to succeed.”

A centre for mentally handicapped children has been successfully operating for years with unqualified teachers. On being taken over by the Gauteng Department of Education, new regulations came into effect which precluded unqualified teachers, however well-experienced, from being paid. The centre immediately enrolled its four unqualified teachers in the required diploma course. But what to do to keep the centre going in the meantime? The unqualified teachers were working and studying, but not getting paid. Most parents were unable to afford the necessary fee increases. The centre requested R200 000 over two years for salaries so that it could continue to operate through the time that it will take for its teachers to obtain the necessary qualifications. The team had little hesitation in allocating R50 000 for the current year and facilitating access to a matching grant from another of the centre’s long-standing donors.

*A crucial aspect in lifting the country’s state education system out of its current malaise is the channelling of greater resources directed towards the training of teachers*







## orking with communities

ANOTHER initiative which has recently engaged the attention of the Special Projects team is a remarkable school in Finetown, a previously turbulent informal settlement.

In 1990, Buyani Community School came into being in an old container and dilapidated corrugated iron structure. The school's pupil population expanded from 750 families to close on 4 000. In 1992, two State schools were built, but Buyani continued to be used, supported by a vigorous school governing body and a residents' committee. Parents flocked to a school with an obvious commitment to education and to the community out of which it had grown.

Despite violent political upheavals, the school continued to operate, even though for months the teachers remained unpaid. The basic physical conditions at the school left a lot to be desired. To help finance the expansions and improvements that were so sorely needed, Buyani had by the late 1990s built up a reserve of nearly R250 000, but wanted to spend this money wisely. They needed new classrooms, a modest administration block, ablution facilities, and a fence.

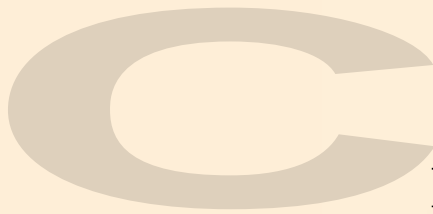
The Anglo American's Chairman's Fund provided R450 000, with the school getting the balance required of R70 000 from the Japanese Volunteer Centre. The school used its own money, and help from the community to pave the school yard and erect a palisade fence which divides, but does not obscure, school property from the shacks and dwellings crowding its perimeter.

"The space we've got is wonderful," vice-principal Maria Leshoedi declares. "Each teacher has her own classroom, and we can divide the children into groups of five or six, each group sitting at its own tables. Security is also very good."

To visit Buyani is to understand what the Anglo American Chairman's Fund means when it talks about its policy as being the judicious giving of 'hand-ups, rather than hand-outs'.

*The Chairman's Fund was a major contributor to the upliftment of the Buyani Community School in Finetown, south of Johannesburg. The school, which started out in an old container and delapidated iron structure a decade ago now has eight new classrooms*





## Chairman's message

THE biggest change in the grant making policy of the Anglo American Chairman's Fund in recent times has simply been that we are now putting more into small than into big. In the old days we tackled some really large projects. The old Anglo American and De Beers Fund built the Mangosuthu Technikon in Durban, for example. That old fund has now been split, of course, and the Anglo American Chairman's Fund is concentrating its resources on a very wide range of small projects, but with the primary focus still on education.

We're certainly interested – we probably always have been – in projects that are in some way breaking the mould. The old combined fund backed the NEST schools, for example, the first really multi-racial attempts at education in the country in the early 1980s. We're also backing some of the more entrepreneurial NGOs. But most importantly, I think, we back the person, the champion, at the heart of the project. We're looking for the winners. Our support can provide winning examples for others to follow.

Sometimes we do fund projects that have got themselves into financial difficulties. If our assessment is that the project is basically sound, but that it's been managed incorrectly or they hadn't properly anticipated the impact of the far-reaching political and funding changes of recent years, we will provide expertise to help with a realistic business plan and other advice. If they can embrace their own solutions and they are achievable, we'll provide the funding that will help the project pull itself out of the mire.

There are several reasons why the Anglo American Chairman's Fund is so different in its approach. The first is that it's always been part of our business ethos, all the way back to Sir Ernest Oppenheimer's dictum that while we must make profits we must also ensure that our business makes a permanent contribution to the community in which we operate. The second is that Anglo American isn't customer driven. We're not into branded consumer products. We'd therefore be wasting our time to attempt to get advertising mileage out of our corporate social investment spending. This basic reality allows the Chairman's Fund to take a very non-commercial, dispassionate view; and hence we've always had a wider agenda.

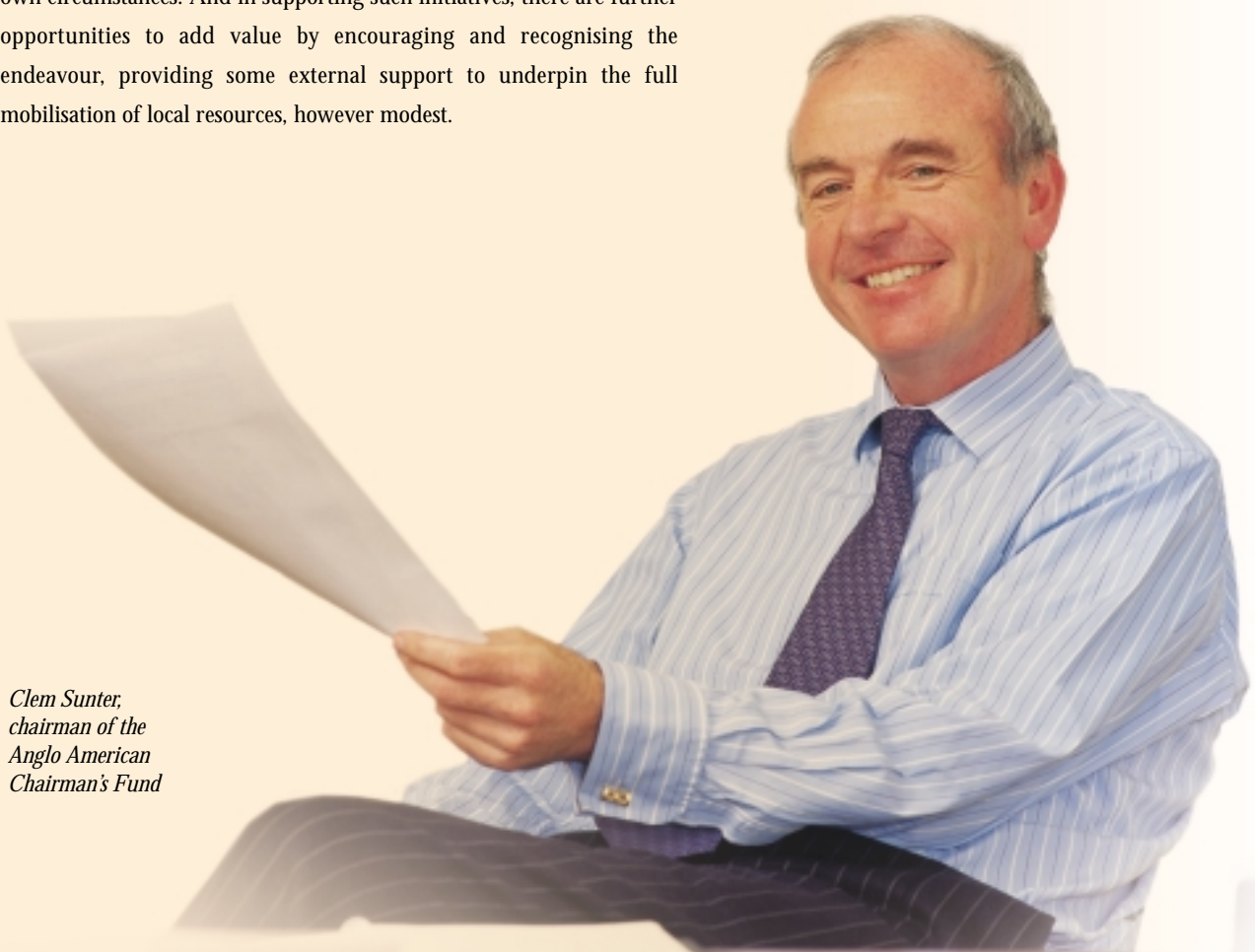
I've always maintained that we've got to develop a vigorous civil society here in South Africa. How is this best to be done? Of course, there's a welcome tendency for business to work closely with the government, and the large business commitments put into the Joint Education Trust and more recently the Business Trust are doing just this. But the Anglo American Chairman's Fund is concerned with the small initiatives run by people who want to make a difference. That's how the fabric of civil society is built up.

With the industrialisation of South Africa in the last decades of the 19th century came what I like to call the institutionalisation of the South African economy. This gave rise to powerful poles of power which tended to leave society at large excluded. These were the ropes that held industrialised South Africa together. The exclusion of ordinary people was, of course, exacerbated by apartheid and so-called separate development. Now we need to replace the ropes with the fine threads of small social initiatives and small-scale entrepreneurial endeavours. Obviously, this will be good for democracy as well.

The days of the all-powerful, all-providing State are over. Small endeavours are definitely part of the way forward, and the Anglo American Chairman's Fund has a crucial role to play in this arena. One of the points I keep making is that certain economies are two-speed economies. They tend to comprise inefficient big companies and government on the one hand and excellent small enterprises on the other. Many parts of Africa are good examples of this. If you want to see the continent, and South Africa in particular, come through the present economic troubles, go small in large numbers.

The philosophy that underpins the work of the Anglo American Chairman's Fund and which importantly has consistently been applied over three decades is this: poverty and under-development cannot be removed simply by large-scale assaults. The resources to mount such interventions are not generally available, certainly not to corporate donors. Much more successful is the process of chipping away through many smaller initiatives, driven by groups of determined individuals. Here then is the opportunity for companies wishing to make a real difference, whether large or small, working away at a specific need in a purposeful way.

In doing so, it is also necessary to listen to the people themselves rather than imposing solutions from a distance. Interventions can in this way be responsive to people's perceived needs and designed to leave communities in a better position than they were before to deal with their own circumstances. And in supporting such initiatives, there are further opportunities to add value by encouraging and recognising the endeavour, providing some external support to underpin the full mobilisation of local resources, however modest.



*Clem Sunter,  
chairman of the  
Anglo American  
Chairman's Fund*

**David Robbins**, who researched and wrote this publication, has received numerous awards for his journalism and specialises in socio-political and developmental issues. Seven of his books have been published and three more will be published this year. Robbins won the 1986 CNA Literary Award for his *29th Parallel*.

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