

ECONOMIC PERFORMANCE

Case study



Redeveloping company-owned land in Brazil

AngloGold Ashanti in Brazil is contributing to sustainable development through a partnership to sell and develop company-owned land for residential development.

Mining in Brazil has a long history: Nova Lima was founded in the mid-17th century on the strength of alluvial gold prospects, and gold and iron ore retained an important role in the region's economy for many years. Today, some 68,000 people live in a 428km² area noted for its rugged terrain. Large tracts of natural forest cover 76% of the area, while 22% is covered by urban development and 2% is still dedicated to mining activities.

Historically, in terms of Brazilian legislation, ownership of land where mining operations were carried out vested with the mining company concerned, and land was classified as a production asset of that company. When AngloGold Ashanti (then AngloGold) acquired Mineração Morro Velho from Minorco in 1998, the transaction included some 22,000 hectares of land. This land had been largely conserved in its pristine state, ensuring that the area around Nova Lima had remained free of unplanned urban development. Nearby Belo Horizonte (the state capital of Minas Gerais) continues to grow, however, and the proximity to Nova Lima means that the full urbanisation of Nova Lima is inevitable.

As a major employer and owner of a significant area of land surrounding Nova Lima (where the company's Brazilian headquarters is based), AngloGold Ashanti has sought to contribute to the continued economic, social and environmental stability of the area and the responsible development of land that is excess to the company's needs is one way in which the company could make a valuable contribution.

As a first step, a legacy of past distrust had to be overcome. When Mineração Morro Velho closed its Mina Grande mine in 1995, it did so without adequate preparation among the community. Nearly a thousand jobs were lost, with a major negative impact on local business. In the years following AngloGold's acquisition of the operations, the company implemented a policy of active community involvement, through a number of environmental, educational and urban planning initiatives. The closure of Mina Velha – the last remaining facility in the city's mining complex – in 2003 presented striking differences from the earlier closure of Mina Grande. A comprehensive consultation process was followed, beginning two years before the mine's closure, and every effort was made to minimise job losses through redeployment to other projects.

AngloGold Ashanti has developed a master plan covering land use over the next 25 years. Initially developed internally, with input from experts in urban planning, architecture and environmental management, the plan became the subject of extensive consultation with local government and community representatives, and was eventually made public in October 2002 at a multi-stakeholder event.

Of the 22,000 hectares currently held by the company some 15,000 hectares was designated for development, with the balance retained for mining activities. One of the principles adopted was that only 30% of the land to be developed would be used for residential purposes, with 70% preserved as green areas.

"The challenge in developing this land is for the company to derive the highest possible value from its real estate, while still respecting environmental legislation and contributing to an improved quality of life for the communities within which we operate," says AngloGold Ashanti's chief operating officer, international operations, Roberto Carvalho Silva.



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After a comprehensive analysis of potential risks and benefits, a partnership with a number of local real estate companies was selected as the most appropriate route to implement the plan.

"Partners are carefully selected among companies with a proven track record in the field," says Carvalho Silva. "Opting for this model, AngloGold Ashanti benefits – as owner of the land – from the development of residential projects, while still retaining the authority to ensure continued implementation of the principles of the master plan."

The decline of mining's relative contribution to the local economy has been factored into the plan.

"A set of proposals, yet to be fully developed, will foster a full transition from a mining-oriented to a service-rendering city," says Carvalho Silva. "Gold City is a case in point: a multifunctional complex, to be developed in the heart of the city, focused on tourism anchored to the city's outstanding history and vibrant present." Gold City will offer numerous employment opportunities associated with leisure and cultural activities.

Vale dos Cristais, a 537-plot, 690-apartment condominium to be fully developed within 10 years, is typical of the residential projects developed by the partnership. The project ensured the creation of some 800 jobs, with priority given to local labour. Another development, an ambitious project to be known as Constelações, covers almost 1,000ha and will involve the expansion of the urban area of Belo Horizonte towards Nova Lima over a 15-year period.

While a number of residential developments have been targeted specifically at a high-income market, to ensure an adequate financial return and promote economic development, more affordable housing is also catered for, in an attractive area intended to house environmentally-friendly industries and including community amenities such as sports facilities.

"The master plan is intended to be a cornerstone of local economic development for years to come," says Carvalho Silva.

