The scramble for mineral resources in Cameroon: How can the government learn from previous conflicts and social responsibility failures?

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Introduction

The objective of this commentary is to reflect on conflicts linked to social responsibility (SR) failures and propose suggestions for the efficient management of Cameroon’s mineral resources. The argument put forward is that a rigorous evaluation of the reasons for the failures of SR in Africa can assist in the establishment of proper accountability in the management of revenues generated by mineral exploitation. This will in turn have a positive influence on tension and promote the nation’s socio-economic development.

An unprecedented increase in the price of mineral deposits has fostered exploration and exploitation in resource-rich sub-Saharan countries such as Cameroon. In addition,
owing to recent political instability in oil-producing countries in the Middle East, the interest of mainstream Western multinational companies and new global players such as China, India and Malaysia has shifted to the Gulf of Guinea, and most consider this to be a significant source of oil for the future.

In a bid to benefit from the recent surge in commodity prices, the Cameroonian government has recently engaged in wide-scale mineral exploitation. Before the 1980s wealth generated by the exploitation of mineral resources was widely regarded as a blessing for developing economies and a means of improving the welfare of their citizens. However, since that time the view of mineral exploitation has changed, leading to the development of a new theory of 'resource curse'. Its advocates are concerned about the adverse effects of the dependence on mineral exploitation for economic growth, development and equity, particularly in rural economies.

An analysis of the sociopolitical dynamics of Cameroon will affirm that it is a relatively peaceful country compared to many African nations with natural resources. However, the recent drive towards mineral exploitation could lead to conflict if appropriate measures are not taken to ensure sustainable economic development. In this respect it is important to bear in mind that a typical developing country that has been at peace for a long period has a 9 per cent risk over the period of a decade of descending into large-scale violence if appropriate measures are not taken to promote social cohesion.

Research suggests that steep economic growth of nations does not directly reduce the risk of conflict, except if accompanied by a reduction in the dependence upon natural resources. When the host community does not benefit, modes of resistance might emerge among the population in defence of livelihoods and to protect assets by challenging the structures, discourses and institutions that drive and permit exploitation of their minerals.

The Cameroonian government needs to be able to manage expectations that follow economic growth, especially when the new economy (based on mining investments, for example) is likely to influence the livelihood of the rural communities. This has been the case in several African countries (such as Botswana, South Africa and Namibia), where there has been a visible contribution of mining revenues to socio-economic development and political stability. In other nations – such as Angola, the Democratic Republic of Congo (DRC), the Republic of Congo, Liberia, Sudan, Central African Republic and Sierra Leone – who have seemingly irresponsible and corrupt governments, mineral exploitation has been linked to numerous economic problems, including a lack of public infrastructure, unequal distribution of wealth, environmental pollution and exploitation of labour. These are clearly signals of SR failures.
Government policies and social responsibility failures in Africa

African governments (among them Cameroon) have recently deregulated investments laws related to resource capture and economic development. This was due to concerns about the sheer power of multinationals and the amount of profit they accrue. Influenced by several national and international non-governmental organisations (NGOs), this has stimulated debates about the long-term economic benefits of various exploration contracts in developing economies for the host communities.

Because of the lack of technological know-how and financial resources to undertake costly exploitation of minerals, governments in developing economies have bargained from weaker positions. As a result, they have accelerated the exploitation of mineral resources, often speedily signing contracts without consulting with local communities. This has in most cases fuelled discontent among the affected communities.

The huge power that multinationals wield (such as Elf, the French state oil company, in Congo) often threatens democracy, because weaker African governments tend to accept these companies to ensure their political survival. The result is, however, that investment policies stemming from the globalisation of businesses do not directly benefit weak African states. Instead, it might pressurise the host governments to bring about deregulation that strengthen the power of multinational corporations. Since economic growth and development are linked to political survival and politicians are often pressured to sign deals that purport to promote economic growth, politicians must in most circumstances be willing to uphold a precarious balance between their short-term political gains, which are inextricably linked to their survival, and the perceived long-term economic cost.

Multinationals often consider community demands linked to SR to be unrealistic expectations which require that they take on government responsibilities. They believe they are simply carrying out their normal activities, after receiving government approval. In their view it is the responsibility of the government, to whom they pay area royalties, to improve the governance of mineral rights and reduce ethnic tension through inclusion of host communities in wealth creation. They regard any additional expenditure on community development as a gesture of goodwill and a partial recognition of the deficiencies of the governments. However, many analysts and the host communities are of the opinion that it is the responsibility of companies whose operations affect the environment to act responsibly.

The conflicting views suggest that prevailing regulations linked to SR are inadequate and need to be overhauled. African governments play a crucial role as far as clarifying and enforcing SR legislation are concerned.
African conflicts linked to natural resource capture and social responsibility failures

African economies generate most of their export revenues from one or two natural resources. Countries like Nigeria, Angola, Congo-Brazzaville and Equatorial Guinea generate more than 75 per cent of their export revenues from oil alone. Others, such as the Central African Republic, Rwanda, Guinea, the DRC, Liberia and Sierra Leone, generate almost all their export revenues from the exploitation of mineral resources such as gold, diamonds, uranium and bauxite. This suggests that the development of African economies is greatly dependent on the management of their mineral revenues.

Despite investments in the exploitation of natural resources of several African nations, the local communities rarely derive any direct benefit. On the contrary, in regions like Ogoniland and the Niger Delta of Nigeria, water sources have been polluted and land appropriated without any compensation.11 As different political and social groups usually want a direct input into the management of royalties and a say in the development of their communities, there are bound to be conflicts.

In Africa both intra-state conflicts (for example in Nigeria, Sudan, Sierra Leone, Liberia, Angola, Congo and Guinea) and inter-state conflicts (for example between Cameroon and Nigeria and between Gabon and Equatorial Guinea) have always been a part of the political scene, fuelled by an interest to control regions with substantial mineral resources.12 A case in point is the Bakassi region, which received little socio-economic development and political attention from either the Nigerian or Cameroonian governments prior to the escalation of the conflict. In Angola, the civil war that lasted for close to three decades was fuelled by the discovery of petroleum and other mineral reserves. The main rebel movement (UNITA) was known to be selling diamonds on the black market to finance the war against the Angolan government. Other countries (such as Sierra Leone, Liberia, the DRC and Angola) have recently emerged from devastating conflicts, often sponsored by international businessmen who exploit the mineral resources of conflict zones.

Cameroon’s mineral potential and the recent scramble by multinationals

According to recent geological surveys Cameroon has an extremely rich mineral wealth with over fifty varieties occurring in commercial quantities.13 Recent discoveries include bauxite in the Minam and Martap regions (estimated at one billion tons) and iron ore deposits in Kribi (estimated at 200 million tons). Other mineral deposits recently discovered and exploited in small quantities include diamonds, tin, gold, mica, marble, columbo-tantalite, silica sand, cassiterite, lignite and rutile.14
### Table 1 Cameroon’s mineral potential and major new international investors

<table>
<thead>
<tr>
<th>Company</th>
<th>Country of origin</th>
<th>Year commenced</th>
<th>Mineral</th>
<th>Estimated quantity</th>
<th>Area</th>
<th>Investment value (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydromin</td>
<td>US</td>
<td>2006</td>
<td>Bauxite</td>
<td>2 billion tons</td>
<td>Minim, Martap and Adamaoua</td>
<td>4–5 billion</td>
</tr>
<tr>
<td>Geovic</td>
<td>US</td>
<td>2003</td>
<td>Cobalt, nickel, manganese</td>
<td>Cobalt: 4 200 tons per year Nickel: 2 100 tons per year</td>
<td>Lomie, Nkamouna</td>
<td>n/a</td>
</tr>
<tr>
<td>Mega Uranium Ltd</td>
<td>Canada</td>
<td>2007</td>
<td>Uranium</td>
<td>n/a</td>
<td>Kitongo, Teubang and Lolodorf</td>
<td>n/a</td>
</tr>
<tr>
<td>African Aura Resources</td>
<td>UK</td>
<td>2006</td>
<td>Gold, iron, diamonds, Uranium</td>
<td>n/a</td>
<td>Batouri, Tchollire, Rey Bousa, Djoum, Akonolinga, Essong, Ekomedion, Mbanga, Ntem and Nkout</td>
<td>n/a</td>
</tr>
<tr>
<td>NiCo Mining</td>
<td>Canada</td>
<td>2007</td>
<td>Nickel, cobalt</td>
<td>n/a</td>
<td>Lomie</td>
<td>n/a</td>
</tr>
<tr>
<td>Sundance</td>
<td>Australia</td>
<td>2007</td>
<td>Iron</td>
<td>567 million tons</td>
<td>Mbalam</td>
<td>2,6 billion</td>
</tr>
<tr>
<td>Alcan</td>
<td>Canada</td>
<td>2006</td>
<td>Bauxite</td>
<td>n/a</td>
<td>Minim, Martap and Ngaouandal</td>
<td>n/a</td>
</tr>
<tr>
<td>Gansu Corporation</td>
<td>China</td>
<td>2007</td>
<td>Bauxite</td>
<td>n/a</td>
<td>Minim, Martap and Ngaouandal</td>
<td>n/a</td>
</tr>
<tr>
<td>Lafarge</td>
<td>France</td>
<td>Already present</td>
<td>New limestone</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Small-scale mining</td>
<td>Cameroon and foreign countries</td>
<td>2007</td>
<td>Gold, diamonds, etc</td>
<td>n/a</td>
<td>Nationwide</td>
<td>11,13 million</td>
</tr>
</tbody>
</table>

Source: Compiled by author from information collected from media sources such as Reuters, Dow Jones, Bloomberg, and Cameroon Radio and Television.
With a flood of new investors, including prominent multinationals, the government hopes to attract investments in excess of US$10 billion and create more than 27,000 jobs in Cameroon over the next few years. Recent investors include Geovic Cameroun SA, which mines cobalt, Nu Energy Corporation Cameroun, which is exploring uranium, Australia’s Sundance Resources Ltd, which is exploring iron, and the US Company Hydromin Inc, which is exploring bauxite. These investments have been stimulated by the introduction of a 2001 mining code giving investors incentives such as a five-year tax break and a free transfer of capital out of the country.

In line with the government’s aim of integrating the mining sector into the formal economy, it initiated an ambitious plan to organise and develop the mainly small-scale mining companies in Cameroon before 2001. This led to the injection of close to US$11.13 million in funding for small-scale miners which has so far generated 5,000 new jobs and is expected to reach 15,000 by 2010.

After close to 15 years of political debate between Cameroon and Nigeria, the much disputed Bakassi Peninsula – thought to hold huge oil deposits – was handed to the government of Cameroon by the International Court of Justice. In other parts of the country (for example onshore Logone, and in the Birni and Garoua basins) it is speculated that there are exploitable oil and gas deposits. The Cameroonian government has recently signed exploration contracts with foreign oil and gas companies to prospect for oil in the area.

The implications of this huge potential are that despite the flawed political record of the government of the Republic of Cameroon, foreign multinationals are still interested in exploring the minerals of the country.

The role of accountability and community engagement in conflict reduction

While resource revenues have a positive effect on economic growth in countries with good governance, their effect in countries with poor governance has on the whole been negative. In addition, commodity prices are highly volatile and thus do not provide a steady source of income, and depletion of stock over time could also lead to a decrease in revenue. The implications are that the management of revenues from windfall mineral discoveries is very important if the country is to have any chance of escaping from the so-called resource curse.

There are huge problems in the Cameroonian socioeconomic and political set-up, including corruption, tribalism, nepotism and cultural clashes, which hinder the smooth functioning of government institutions. For close to three decades revenues received by
Cameroon’s offshore oil resources were largely unaccounted for.\textsuperscript{22} It took the intervention of multilateral organisations like the World Bank before the government agreed to include oil revenues in the national budget. Not only is economic growth of the utmost importance in the promotion of peace,\textsuperscript{23} the distribution of aggregate economic benefits is also important in maintaining peace.

Although companies operating in Cameroon have not come under too much pressure from international activists worried about failures in SR, there is widespread discontent amongst the Cameroonian people and local NGOs about what benefits local communities have gained from the exploitation of its natural resources. For example, although almost 90 per cent of petroleum originates from the Rio-Del-Rey area in Anglophone Cameroon, indigenous communities there lack basic social facilities and have complained of employment discrimination by a government that mostly favours Francophones.

Cameroon is generally known for being underdeveloped and suffering from poor public infrastructure, red tape and costly corruption, factors that often deter foreign investors.\textsuperscript{24} The nature of leadership in Cameroon is frequently described as dictatorial. Tribalism and corruption are rampant, and there is bound to be conflict if investors and stakeholders do not foster the interests of host communities. These problems can only be resolved if a system of checks and balances is instituted in the management of revenues generated from the exploitation of the country’s new-found mineral resources.

**Conclusion and recommendations**

Cameroon has never experienced conflicts linked to mineral resource capture before, but the scramble by multinationals and small-scale miners for its huge mineral deposits changed this state of affairs. It is this author’s belief that the current investment policy of the government of Cameroon is aimed simply at easing public pressure linked to economic failures and at legitimising the government’s short-term political ambitions. Past experience with mineral exploitation has shown that post-investment movements emerge in many countries with high-level government corruption such as that in Cameroon, to contest the development of extractive industries. To avoid such a development, the government of Cameroon needs to initiate sustainable investments for the benefit of the host communities.

The author also believes that if public accountability and governance are not improved, it would have a negative influence on the national economy, similar to the resource curse. In such a scenario the exploitation projects will only benefit rich contractors and affluent businessmen linked to the political system.

In conclusion it may be stated that armed conflict might occur if local economic development programmes that identify and promote income-generating opportunities
for local communities, and particularly the poor, are not implemented by the government in conjunction with the multinational companies.

Notes

6 To some countries, gems bring only misery, International Herald Tribune, 7 April 2000.
7 T Musa, Cameroon targets $10 billion mines investment, Reuters, Friday, 25 July 2008.
11 Ibid, 4.
12 Darimani, Mineral resource capture and conflicts in Africa, 4.
15 Musa, Cameroon targets $10 billion mines investment, 3.
17 Ibid.
23 See for example Collier et al, Managing resource revenues in developing economies, 3; Miguel et al, Economic shocks and civil conflict, 3.
24 Musa, Cameroon targets $10 billion mines investment, 3.