



Original Article

Asian investment at artisanal and small-scale mines in rural Cameroon



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ABSTRACT

A new model of small-scale mineral exploitation is being driven by Asian investors in East Cameroon and may be representative of trends elsewhere in Africa. The mines employ nationals of Asian countries and create small Asian communities in remote areas. There is evidence of widespread failure to comply with national mining regulations and few benefits are flowing either to the national government or to local communities. If existing government regulations were enforced, this form of mining could improve livelihoods and living conditions in remote areas. Without good governance it risks facilitating enclaves of uncontrolled resource exploitation.

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1. Introduction

Africa has about 30% of the planet's mineral reserves, most of which are unexploited. The potential for further discovery and exploitation is immense (Hilson, 2002b). Africa already produces several important minerals, including 40% of the world's gold, 60% of its cobalt and 90% of platinum group metals (Janneh and Ping, 2011; Kogre and Afilaka, 1988; Taylor et al., 2009).

Artisanal and small scale mining (ASM) has been widespread throughout the world for over 2000 years (Hilson, 2002a), and today features heavily in the rural economy of many developing countries (Hentschel et al., 2003; Hilson, 2002a). There are diverse definitions of different types of ASM (Drechsler, 2001). Definitions are shaped by stakeholders' perspectives and vary from country to country. The term 'artisanal mining' is widely used as a label for very labour-intensive activities without mechanization (Aryee et al., 2003; Hentschel et al., 2002). In this paper, we use the term 'small-scale mining' as a label for larger operations which feature more mechanized extraction techniques. However, many authors

use the terms 'artisanal mining' and 'small-scale mining' interchangeably (Hentschel et al., 2003; Janneh and Ping, 2011).

The ASM sector provides a livelihood for millions of people throughout the world (Siegel and Veiga, 2009). In the case of sub-Saharan Africa, at least two million people are directly employed in ASM, and an additional 10 million more people depend on the sector for their survival (Chupezzi et al., 2009a; Hilson, 2009; Janneh and Ping, 2011; Schure et al., 2011a). The majority of the region's artisanal miners are engaged in the extraction of gold but there are also significant 'pockets' of people exploiting deposits of alluvial gemstones and diamonds (Hilson and Banchirigah, 2009).

Mineral industries will be major determinants of economic growth in the coming decades (Broadman and Isik, 2007; Çakır and Kabundi, 2013; Taylor et al., 2009; Weng et al., 2013). Foreign investment in industrial mineral extraction is expanding rapidly and new countries are joining the ex-colonial regimes involved in extractive industries (Hajzler, 2012). Australia, the United States, Canada, Brazil, Russia, India, Middle East and East Asian countries, notably China, are now active in this sector.

The expansion of capital investment in industrial mineral extraction in sub-Saharan Africa tends to be concentrated in privately secured enclaves awarded as concessions by host governments. Several countries in the region are now experiencing mining and/or oil extraction 'booms' but in many cases, with little or no economic benefits flowing to wider society (Ferguson, 2006).

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Large-scale, internationally funded operations are illustrative examples of these 'extraction enclaves' (Ease, 2011; Ferguson, 2005). Foreign-owned and operated extractive industries in theory benefit countries through fees and royalties but many of these benefits are captured by elites, which gives rise to these 'extractive enclaves' (Ferguson, 2005; Reno, 1999). Often, resource-rich areas of sub-Saharan Africa are secured, policed and governed through private means in a selective fashion within multi-national networks (Ackah-Baidoo, 2012; Le Billon, 2001).

The expansion of Chinese investment in industrial mineral extraction in sub-Saharan Africa often follows the same model as that of large-scale industrial investments from Western countries. Major investments are being made by central and provincial state-owned enterprises in the resource sector alongside investments in rural infrastructure and urban construction. Private sector investment is occurring alongside this, albeit mainly in small-scale manufacturing and services industries (Gu, 2009; Kaplinsky and Morris, 2009); the majority of Chinese private firms now operating in sub-Saharan Africa are small and medium enterprises (Gu, 2011). To date, in the context of sub-Saharan Africa, most scholarly attention has focused on the performance of China's large-scale state-owned enterprises. Very little analysis has been devoted to the region's Chinese-financed small scale private enterprises.

High demand and high prices for minerals in global markets and the vast potential for mineral production in sub-Saharan Africa are increasing exploitation pressures at all scales (Humphreys, 2010). The economic, social and environmental impacts of large-scale mining are certainly well-documented (Edwards et al., 2013; Mtegha et al., 2012). There are also numerous studies of the localized social and environmental impacts of ASM activities in the region (Hilson, 2002a; Spiegel, 2009b). However, the broader developmental and demographic impacts of the recent explosive growth of small and intermediate scale mining are, by comparison, under-investigated. In this paper, we focus on these smaller private operations that are not the product of government to government negotiations, and which largely escape national and international level scrutiny of their development impacts.

2. Artisanal and small-scale mining in sub-Saharan Africa: an overview

The ASM sector is widely believed to be comprised of poverty-driven activities, typically in the poorest and most remote rural areas of a country and often populated by poorly educated groups with few employment alternatives (Drechsler, 2001; Hilson and Potter, 2005; Mohammed Banchirigah, 2006; Okoh and Hilson, 2011). In sub-Saharan Africa, ASM is an important contributor to rural economies (Jennings, 1999; United Nations Economic Commission for Africa, 2003). As noted, it provides millions of jobs as well as supplements the incomes of poor subsistence farmers (Hentschel et al., 2002; Hilson, 2009; Schure et al., 2011b).

The distribution and extent of ASM in sub-Saharan Africa was radically changed as a result of actions taken by International Financial Institutions to tackle economic problems during the 1980s. Amongst the measures taken, Structural Adjustment Programmes had particularly significant impacts on the sector (Weissman, 1990). These financial packages were awarded on the condition that policy reforms were made to encourage foreign direct investment in large-scale industrial activities, including mining.

Structural adjustment has induced significant unemployment in a number of sectors and incoming industrial mining investments have done little to offset this, providing few jobs for unskilled local people. Many have therefore moved into illegal artisanal mining to supplement their incomes. This phenomenon is fairly well-documented in a number of countries in sub-Saharan Africa,

including Zimbabwe, Ghana, Tanzania, Senegal, Mozambique and other mineral rich countries (Drechsler, 2001; Hilson and Potter, 2005; Mohammed Banchirigah, 2006; Weissman, 1990).

Cameroon has experienced two phases of structural adjustment (International Monetary Fund, 1998; Razafindramanana, 2002). Its first Structural Adjustment Programme was implemented in 1988 but was considered to have been 'weak' and did little to halt economic decline (Tchoungui et al., 1995). The second Structural Adjustment Programme was designed to restore aggregate macroeconomic balances as well as to reduce poverty through the redeployment of resources towards priority sectors and requirements. Specific measures were implemented for the energy and natural resources sector. As part of the programme, government revised the law for the oil sector's fiscal regime in an attempt to promote exploration and production of both oil and offshore natural gas. A new mining code was promulgated in April 2001 as part of the programme (International Monetary Fund, 1998; Razafindramanana, 2002). The new mining legislation recognizes the importance of ASM and provides special incentives for operators. Mining operations at all scales, from very simple activities involving the artisanal exploitation of gold and diamonds to major industrial iron ore, bauxite and diamond extraction projects, therefore, are all destined to expand rapidly in coming years (Nting, 2009).

In sub-Saharan Africa, the ASM sector is strongly interlinked with smallholder agriculture. At present, agriculture accounts for and estimated 60% of all employment in the region, and is the main economic activity in most of its countries (Hilson and Garforth, 2012). The linkages between farming and ASM are well-documented in sub-Saharan Africa (Fisher et al., 2009; Hilson and Garforth, 2012; Okoh and Hilson, 2011; United Nations Economic Commission for Africa, 2003). For example, in Sierra Leone, which is endowed with rich mineral resources despite scoring poorly on the Human Development Index (Malik and Jespersen, 2014), it was observed in the mid-1970s, that diamond mining and farming activities 'dovetailed': that the former occurred in the dry season whilst the latter prevailed during the rainy season. The commonly held view was that artisanal mining had detrimental effects on Sierra Leone's rural economy by attracting young men away from farming (Maconachie and Binns, 2007). But Maconachie, who returned to the mining areas worked during the 1970s, concluded that reports that diamond mining adversely impacting farming had been exaggerated (Maconachie, 2009). Here, the synergistic development of farming and artisanal mining has helped to rebuild the rural economy since the conclusion of the country's civil war (Fanthorpe and Maconachie, 2010; Maconachie, 2009).

In the Democratic Republic of Congo, similar synergies between farming in artisanal mining have emerged, as market liberalization has reduced the profits of smallholding considerably (Hilson and Garforth, 2012). Here, artisanal mining has become an important supplementary economic activity to alleviate rural poverty. Specifically, it has helped rural families pursue higher-quality education for their children and improved access to postsecondary studies for adults (Chachage, 1995; Fisher et al., 2009; Okoh and Hilson, 2011). Neighbouring Tanzania, which is endowed with abundant minerals including gold, diamonds, iron ore, nickel, cobalt and tanzanite, is also experiencing such diversification at its major gold mining sites, including Geita, Musoma, Tarime, Chunya and Mpanda (A.G.N, 2006; Fisher, 2008; Mwaipopo et al., 2004). In Geita, artisanal mining has a long history as a complementary source of income for smallholders, as well as providing markets for their produce (A.G.N, 2006). A similar 'branching out' of livelihoods has been observed in Mozambique and Zimbabwe, where the income rural inhabitants obtain from artisanal mining enables them to purchase fertilizer. Here, at least 500,000 people are

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