GEOLOGICAL RESOURCES AND GOOD GOVERNANCE IN CENTRAL AFRICA
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The states of Central Africa in general and the Congo Basin in particular are among the world’s most resource-rich regions – yet many of these countries are a long way from attaining their development potential; some are among the least developed in the world. Paradoxically, often those countries that are most richly endowed with resources are the least developed.

This phenomenon known as the ‘resource curse’ is exacerbated in many African countries by inadequate governance. And yet if the state is unable to provide basic services, social and environmental standards in the extractive and processing sectors will not be enforced.

The proceeds from the export of resources could play a key role in reducing poverty and securing the future of Central Africa. In the CEMAC region almost 80% of export revenue comes from the extraction of fossil fuels. The key question is how to make the most socially equitable use of this wealth from resource trade and ensure it benefits the countries and their people?

New forms of intersectoral, transnational governance offer ways to take account of all the different stakeholder interests in the resources sector. Such novel approaches require institutionalised and constructive dialogue between governments, civil society and international companies operating in the resource sector.

With this in mind, 200 representatives of politics, business and civil society met on 24–25 September 2009 at an international conference held in Yaoundé, Cameroon to discuss measures and strategies for sustainable development in Africa’s resource sector. The aim was to examine ways of permanently reducing the discrepancy between resource abundance and poverty, and to improve the mobilisation of local and national resources in the fight against poverty.

On invitation of the CEMAC Commission, representatives of all CEMAC countries and of international organisations helped to set the issues in the wider pan-African and global context.

The conference was generously supported by the German Federal Ministry for Economic Cooperation and Development (BMZ). It was organised and implemented by the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ – German technical cooperation) and the German Federal Institute for Geosciences and Natural Resources (BGR). The Economic and Monetary Community of Central Africa (CEMAC) would like to thank these organisations – along with all the conference speakers and facilitators – for their support.

DR BERNARD ZOBA
Commissioner for Infrastructure and Sustainable Development
CEMAC Commission
Bangui, Central African Republic
RESUMING

Resolving the paradox of the ‘resource curse’ was the dominant theme of the two-day conference in Yaoundé. The expert dialogue identified current priorities for action. This booklet now summarises the priorities, providing recommendations for action to align the management of the Central African resource sector with social and environmental standards.

Progress in this area depends on a positive mindset and willingness to change on the part of governments and of international companies in the resource sector. As the Kimberley Process has demonstrated, it is possible to overcome the problem of established structures that are not fit for purpose. The first essential is harmonisation of resource policy at various levels. For example, rigorous implementation of the Extractive Industries Transparency Initiative (EITI) enables patronage, clientelism and corruption in the resource sector to be curbed by a policy of transparency. However, this approach – like the Kimberley Process – can only work if it is enshrined in legislation, so that effective sanctions can be applied when the rules are broken. A useful complement to the standardisation process is the decentralisation of political structures and decision-making processes, because decentralised systems can often be more easily adapted to conditions in the region.

Before all participants can derive benefit from cooperative and participatory processes, they must first be accepted as legitimate stakeholders. Governments are expected to adopt a more open information policy towards their citizens – for example with regard to broader access to EITI reports and other relevant information. Other important elements of a sustainable resource policy are certification systems and the implementation of measures to improve basic education and to train African resource experts. Businesses need to be encouraged to adopt international standards such as the OECD principles for multinational enterprises and to develop their social and ecological profile. Cooperation with government – perhaps in the form of public-private partnerships – can be a stabilising factor in such efforts.

How can resource wealth be a curse? It is we who make it good or bad. It is we who manage it and it is up to us to use resources in the interests of the people.

ALAMINE OUSMANE MEY, AFRILAND FIRST BANK
NGOS AS ADVOCATES AND PACE-SETTERS

Implementation of good governance requires the participation of NGOs. Initiatives such as Publish What You Pay (PWYP) have an important monitoring function and help to maintain the prominence of relevant issues in the minds of policy-makers and the international public. Civil society organisations also act as advocates for population groups whose participation in political and economic life is severely constrained by limited education. Governments must therefore accept them as legitimate stakeholders, provide them with information and involve them effectively in decision-making processes. They must likewise be involved from the outset in negotiations on concessions; this defuses the potential for conflict and creates a better climate for investment. By involving local stakeholder groups, commitments can be entered into for measures with development potential, such as cooperation between local businesses and foreign investors. To promote the development potential of small-scale miners and address complex issues such as ecological standards or the prevalence of HIV/AIDS in this sector of the economy, it is helpful to set up interest groups. At the same time, the goodwill of the large companies – in the form of cooperation instead of confrontation – is part of the key to success. However, the small-scale mining sector will only develop for the benefit of African economies when the state creates legal conditions in which it can operate.
INVESTMENT IN THE RESOURCE SECTOR IS INVESTMENT IN DEVELOPMENT

Up to now only a fraction of the Central African population has benefited from the region’s vast mineral resources. How can investment in oil, gas and minerals make a substantial contribution to sustainable development in Africa? What is the role of state institutions, businesses and civil society in this process, and what are the special challenges that they face? These are the key questions that underlie negotiation of a fair social contract in the resource-rich countries of Sub-Saharan Africa.
**DEVELOPMENT MUST BE BASED ON A VISION ENDORSED BY SOCIETY**

“If geological resources are to serve the cause of societal development, there must be a shared vision worked out by all the stakeholder groups.” Evelyne Tsague of Revenue Watch Institute (RWI) strives to ensure that investment and profit in the resource sector ultimately help to improve the situation of people in Africa.

The rule of law is a fundamental precondition for such change, as Ms Tsague well knows, and she sketches an idealistic scenario: a concession agreement between an investor and the government is embedded in a purpose-made set of rules that takes account of local needs and circumstances. This rulebook is based on laws, which in turn are rooted in the country’s constitution. “And the will of the whole nation in its turn is enshrined in the constitution”, Ms Tsague explains, “but often I cannot see this link!” The consequence is continuing poverty and poor prospects, overexploitation of resources, and conflict.

**AGREEMENTS WITHOUT SECRET DEALS – FOR THE BENEFIT OF ALL INTEREST GROUPS**

The scene at the negotiating table, where government and investor meet, can hold the key to greater distributive justice. In the past the content of agreements on concessions has been kept secret under confidentiality rules; these ‘secret deals’ frequently involved favourable terms for both parties to the agreement. Civil society stakeholders were excluded from the negotiating process. However, the involvement of civil society is crucial to the initiation of a process that enables all interest groups to share in resource wealth.

This is why Beatrice Alperte of the African Development Bank in Tunis also claims that “we need a paradigm shift”. In her view all interest groups must in future be allowed to know what is agreed between governments and investing companies – whether through standardised processes such as publication of official gazettes, a more open information policy, or internet-based schemes. But that alone is not enough. Without a means of invoking legal mechanisms – in other words the right to independent audit – such participation schemes are paper tigers. Liberia and Ghana have led the way: in both countries mining agreements have been made public and renegotiated. These model examples demonstrate that everyone benefits when profits, risks and rules are the subject of joint consultation.

As a result, potential sources of conflict are identified and solutions sought to prevent escalation. This creates a favourable investment climate. And a transparent and participatory approach has other positive side effects: it contributes to knowledge transfer and results in the standardisation of processes. Thus, all parties to the agreement and all stakeholders have greater legal certainty.
Business experts in the crude oil industry agree that this is so. “Connecting with the country’s citizens is important”, stresses Basil Omiyi of Shell Nigeria. People in resource-rich regions lay claim to these resources. They want to be kept informed about exploration and resource use and to share in the profits. At the same time they want schemes that are sustainable for their communities – sustainable primarily in socio-economic terms, but there is also a growing emphasis on environmental aspects. Governments and businesses often adopt short-term ways of thinking. At first glance, quick political success or speedily obtained profit seems more attractive than investment in the future.

To counteract that view you need good advice and input from experienced experts in various fields: engineers, lawyers, management specialists, financial advisers, spatial planners, etc.

In this context the shortage of African experts is a problem that cannot be ignored. All too often, governments who want to conclude agreements on mining rights have to call in expensive foreign advisers. This is hardly a sustainable investment, since the aim must be to develop the country’s own expertise and have it permanently available. The only long-term solution to this problem is to devote more resources to the training of experts.

Sustainable development cannot be achieved through mineral resources alone. It will only come about if we invest in people.

James Shikwati, Inter Region Economic Network

NGOs such as the Revenue Watch Institute and international institutions such as the African Development Bank can instigate change by repeatedly calling on governments and businesses to adhere to established international standards. In addition they make funds available for setting up standards and certification schemes and improving working conditions. They also provide legal advice. All together, this constitutes the start-up capital and know-how that the countries of the CEMAC region are reliant upon for the development of sustainable structures in the resource sector.

We can advise and assist. But the crucial factor is the political elite’s willingness to change.

Beatrice Alperter, African Development Bank
FORUMS NEEDED FOR LEARNING AND KNOW-HOW TRANSFER

Liberia, Ghana and Botswana have pioneered the implementation of good governance standards in the resources sector. Their experience could provide a model for those countries and regions of Sub-Saharan Africa that are just beginning to establish their extractive industries on societally endorsed principles. At present, however, there are no suitable learning platforms for the transfer of such experience. An inner-African peer learning network would provide the most credible forum for answering the questions that continually recur in different forms. Taking immediate advantage of the lessons learned by other countries of Sub-Saharan Africa instead of repeating the same mistakes would not only benefit individual countries in the region but also strengthen economic cooperation between the regions of Sub-Saharan Africa. Transregional institutions such as CEMAC, the Economic Community of West African States (ECOWAS) and the East African Community (EAC) have the expertise to set this kind of know-how transfer in motion.
CORPORATE RESPONSIBILITY AND INTEGRATION IN THE LOCAL ECONOMY

Where geological resources are mined, the greatest challenge is to align the interests of the resource extracting companies with those of local people. Companies must usually contend with difficult conditions in areas that have little economic infrastructure. For people living near extraction sites, on the other hand, mining brings with it radical changes to their environment and their traditional ways of earning a living. How can the latent mistrust between major investors and local communities be overcome? What steps must be taken if large companies and local businesses are to profit equally from resource extraction? What scope is there for optimising the mining industry’s value chain to promote diversification of the local economy?
“The companies have gained a new awareness”, says Graham Baxter of the International Business Leader Forum. Speaking as a manager, he finds that they are no longer saying “Do we have to?” but “How do we go about it?” This attitude is partly dictated by self-interest because, in the words of Éric Dibeu of the Canadian High Commission in Yaoundé, “in a globalised and media-dominated world it is not just about good deeds that nobody sees but about a branding and competition strategy”. No business will survive long-term in the marketplace if it does not grasp the fact that corporate responsibility does not end at the factory gate: the company’s social and ecological capital can directly benefit the value chain.

The greatest potential for development lies in the company’s own value chain – through staff training, the introduction of health and safety measures, extension of the company’s quality management system to cover suppliers, investment in infrastructure, training of specialists, etc. Direct cooperation between resource extracting companies and the local community also promotes discussion with stakeholders of the needs of the different parties. Both sides benefit directly from a relationship based on partnership: the economic upswing resulting from investment by resource extracting companies in the region is likely to result in the creation of new jobs. In the long term, capacity development also encourages the urgently needed diversification of African countries’ economies. This brings with it a rise in affluence, security and education. The more stable environment that results has a beneficial impact on the supply reliability of the extractive companies and the quality of their local products. It is a self-reinforcing spiral that offers a way out of the vicious circle of the supposed resource curse.

However, win-win situations of this sort must have a contractual basis from the start. When governments and investors conclude agreements on the exploitation of geological resources, cooperation with civil society must be written into the agreement. Already the CSR policies of many extractive industry companies specify that a certain percentage of orders must be awarded to local businesses. To prepare local stakeholders for cooperation with international investors, Éric Dibeu recommends informing local people about potential business activities at an early stage and explaining to them how their environment is likely to be affected. Civil society and government should work together closely in this area: the more transparent the process at the outset, the more precisely the future cooperation agreement can be worded. This is ultimately the only way of achieving a triple-win situation that benefits the investing companies, the local community and the natural environment.
They deal with resource management matters every day: Dr Bernard Zoba is CEMAC’s commissioner for infrastructure and sustainable development, Prof. Dr Jürgen Runge is a geoscientist who since 2007 has advised CEMAC on issues of governance in the resource sector on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). In Yaoundé they spoke of their points of view, their insights and their expectations.

Central Africa is a region that is very rich in resources. But very little of this wealth reaches the people. How can this ‘resource curse’ be dealt with?

Zoba: The resource wealth in itself is not the problem. After all there are countries – such as Botswana – where resources contribute a great deal to affluence and sustainable development. But if mineral deposits are not properly managed and corruption comes into play, things go wrong. Nevertheless, this is not an inescapable curse but a complex management problem. This conference is one of the means by which we are trying to change the situation.

If we do nothing to address the political and economic instability of many resource countries, resource customers all over the world will remain involuntary accomplices in poverty and violence. Prof. Dr Jürgen Runge

During the conference many companies and international organisations, as well as government representatives, have voiced their opinions. How are responsibilities divided in the resource sector?

Runge: In a globalised resource market, it is more important than ever not to consider individual countries’ geological resources in isolation. If we do nothing to address the political and economic instability of many resource countries, resource customers all over the world will remain involuntary accomplices in poverty and violence. The situation is made worse by the fact that, alongside the ‘usual’ stakeholders, aspiring economic powers such as China that are extremely hungry for resources are investing in Africa. It is therefore important that the international community pulls together to establish mandatory standards.

One term crops up again and again in the working groups: participation. Why is this so important?

Runge: The key to solving the problems in the resource sector lies in general improvement of democratic and participatory structures. The first step is to identify the need structure through democratic dialogue. The resulting information then provides a planning basis for sustainable development in the mining sector.

Zoba: Participation requires the integration of people who in the past have had little or no voice. For example, small-scale miners must be better integrated; their rights must be better respected and acknowledged, but there must also be more obligations and rules, such as transparency standards. Through a fair dialogue we can work together to tackle the numerous social and environmental problems that still exist in this area. This process also prevents conflict and diminishes the attraction of smuggling and fraud. This encourages economic development and promotes peace and security within the country.

Policymakers, NGOs and advisers are constantly working to improve resource management in the countries of Africa and throughout the world. What approaches are most conducive to progress?

Runge: The most promising approach to the establishment of international transparency standards is without doubt the Extractive Industries Transparency Initiative. The
Kimberley certification process for diamonds has also met with some success. Both these mechanisms have strengths and weaknesses. In the EITI, the process is very formal and bureaucratic and ignores figures relating to the shadow economy that continues to exist. Under the Kimberley Process it is relatively easy to manipulate the certificates, and it is clear that outside North America and Europe there are still markets where non-certified diamonds are bought and sold.

Where do you see the greatest need for action at present?

Zoba: We need mechanisms for imposing sanctions on operators who fail to comply with the EITI principles and the Kimberley Process. Legislation at national level would be helpful in disciplining the local resource industry. Internationally, though, offences are hard to prove. There is as yet no effective means of punishing countries. It is therefore important for governments themselves to support this process one hundred per cent. If they do not, they are merely making political declarations.

If the initiatives are so hard to implement, is there any chance at all of greater transparency in the resource sector?

Runge: Yes, there is, but an initiative is not a magic wand. In my view what is often lacking is what we in development cooperation call ‘local ownership’ – the assumption of direct responsibility by the governments with which we work. And awareness of the problem is also an issue: people in politics and industry sometimes think that because the EITI is being implemented, everything is going fine. But the EITI alone will not change these countries. For example, transparency regarding public revenue from the extractive sector is useless if no one utilises the information that is provided. Civil society and parliaments must therefore be strengthened so that governments can be held to account.

Zoba: It is therefore a priority to get governments and businesses to understand that transparency and fairness are not a bad thing for them. On the contrary: they are a means to an end, to boost our prospects of political, economic and social development.

In other words, an improved perception of the positive aspects of good governance ... Mr Runge, what can development cooperation do here?

Runge: One of the aims of German development cooperation is close coordination with the partner governments and other donors. This comprehensive approach operates primarily through the use of existing initiatives: for example, in this way it has been possible to help the Central African Republic acquire EITI candidate status. This means that five of the six CEMAC countries are now EITI candidates. To promote dialogue and understanding, the German advisory programme in Bangui regularly organises seminars with the national EITI working groups.

Dr Zoba, how does CEMAC set about achieving progress in resource management?

Zoba: CEMAC can support the EITI process and other initiatives and strengthen the national decision-making processes of member countries. Regional economic integration and freedom of movement for all CEMAC citizens are important planning goals for us in this context. The economy has a strong interest in the guaranteeing of the legally normative framework for long-term investment in the resource sector. Another area in which CEMAC will be becoming more involved in future is that of cross-border infrastructure schemes that can be financed from resource revenues – especially roads, railways and the planned airline AIR CEMAC.

The revenues from geological resources could contribute so much money to national budgets that financial development aid would soon be virtually superfluous.

DR BERNARD ZOB A
Looking to the future, how can value creation from resources contribute to sustainable development?

**Zoba:** The resource sector is one of the most important sectors of the economy. The majority of the Millennium Development Goals could be met through revenue from geological resources. They could contribute enough money to national budgets to permanently reduce or completely eradicate poverty. Financial development aid would soon be virtually superfluous. That presupposes good governance ...

**Runge:** Even if we sometimes seem to have a long way to go, there are some encouraging signs. To quote one example, in the Central African Republic the PWYP initiative had not caught on at all. Under the influence of the Yaoundé conference things got moving and soon PWYP will form part of the transparency and governance mechanism in the CAR. It is also noticeable that the large mining companies are becoming more open to such initiatives: they want to be seen as responsible members of society. Nowadays a poor reputation for social and environmental standards can have serious consequences for a company on the stock exchange. These are steps in the right direction. We just need to keep going.

[The interview was led by Christina Höschele]
Local communities often bear most of the social and ecological cost of business activities in the resource sector. How can revenues from the oil, gas and mining sector be used to bring permanent benefit to the people of the region? Possible answers are provided by a range of participation and compensation models that have been developed for this purpose. These models cover the distribution of funds as well as the involvement of stakeholder groups in political negotiating processes.
MANAGING CHANGE TOGETHER

The discovery of resource deposits changes a region’s natural and socio-economic structure in radical ways. This change is most palpably evident when steps are taken to resettle the local population. Social change is stealthier, and so often goes unnoticed: traditional economic cycles are disrupted and the traditional social fabric is replaced by dependencies imposed from outside, a process that erodes cultural identity. It is often replaced by conflict triggered by increased internal migration; ultimately, therefore, new working conditions change the social order.

If national governments neglect or ignore their responsibility in these situations of radical change, companies are not necessarily equipped to fill the vacuum. Nevertheless, companies now assume socio-political responsibility in their immediate business setting in areas that only a few decades ago would have been seen as the exclusive preserve of the state. The potential complexity of this sort of environmental management is illustrated by the case studies that were put forward for discussion at the conference in Yaoundé.

Despite the gradual paradigm shift taking place in many boardrooms, especially those of transnationally operating companies, public criticism of the private sector’s corporate social responsibility seems to persist. In the resource sector the criticism is directed mainly at investors who unilaterally pay off local communities – for instance, with social projects such as the construction of schools or hospitals. “The outdated style and paternalism of programmes in which the recipients have no say is an obstacle to partnership-based development”, says Richard Sherrington of the consultancy firm Wardell Armstrong of these well-intentioned compensation programmes, “and it makes it impossible for responsibility to be handed over to local government bodies”. The result is schools without teachers, clinics without drugs, entrepreneurs without real businesses.

On one side the stakeholders are all powerful governments and international investors. On the other side are poor, uneducated communities whose backyards are being mined for resources. A very unequal pairing!

BASIL OMIYI, SHELL NIGERIA

One-off compensation payments or lump-sum profit payouts have similarly adverse impacts. The conclusion must be that if schemes are not negotiated with the stakeholder groups and adapted to the reality of their everyday lives, they will not succeed. Triple-win situations can only be created through long-term engagement working alongside local leaders, with cultural sensitivity and with the level of sincerity that multi-stakeholder processes require as a basic investment.
However, the generally low level of education in the countries of Sub-Saharan Africa makes it more difficult to involve local communities and prevents different stakeholder and interest groups participating in governance processes on an equal footing. This weakens the negotiating power of civil society, so that a fair decision is less likely to be reached. Frequently, too, civil society is dependent on the support of state agencies – whether in the field of capacity development or with regard to access to information and participation in decision-making and discussion processes.

Moreover, if the state is weak or even fragile, it cannot function as the custodian of common interests. Alamine Ousmane Mey, director general of Afriland First Bank, describes some real-life cases with serious consequences: “Sometimes concessions for a mining area are awarded to two different investors, with no arrangements being made between ministries to prevent this”, reports Mr Mey incredulously. “Sometimes statutes and rules are introduced but no-one subsequently monitors their implementation. And worst of all”, says the economist from Cameroon, “many politicians fail to consider the next generation of people who will have to continue living in the area when the contracts have expired.”

Decentralisation and subsidiarity are effective instruments for assigning responsibility at the point where expertise and accountability meet. Someone who is close to the action is not only more likely to come up with fitting solutions but also lightens the workload of higher-level institutions and hence – quite incidentally – strengthens the power of local stakeholder groups.

Mark van Bockstael, chair of the technical committee of the World Diamond Council, draws attention to another aspect of decentralisation: in most of the countries of Sub-Saharan Africa, people’s understanding of rights and roles is still heavily influenced by traditional law and religious codes, such as Sharia, which operate in parallel to the constitutional and legal system of the modern nation-state. To ignore these legal codes is to provoke conflict. This dilemma can be addressed by promoting decentral solutions, such as federal structures and allocation of responsibility based on the subsidiarity principle. Such versions of subsidiarity not only strengthen capacity for action in locations where resources are extracted; ultimately they also benefit players at central government level, because political participation and direct responsibility – provided that they involve more than a token consultation – generate a sense of loyalty.

“We can only make progress if people get together, put aside power structures and talk honestly to each other.”

LIZZIE PARSONS, GLOBAL WITNESS

This view is shared by Richard Sherrington, who on behalf of Wardell Armstrong has already played a part in numerous negotiating processes: “There are many challenges along the way”, says Sherrington. “There is no magic formula. But one principle applies to everyone: If resource wealth is to be a blessing rather than a curse, there is no escaping the need for partnership and communication.”
TRANSPARENCY – ESSENTIAL TO FAIR NEGOTIATIONS

Information on projects in the resource sector is usually concentrated in the hands of the governments of resource-owning countries and the prospective investors. In addition, geological and geographical research institutes and other scientific institutions – often outside the resource-owning country – may hold important information. Frequently, however, civil society is denied the right to information; this situation opens the door to corruption and mismanagement. How can relevant information be made available to all stakeholder groups and future investment be put on a participatory footing? What challenges does this process involve for stakeholders from politics, industry and civil society?
When transparency in the resources sector is discussed, attention usually turns to the international Extractive Industries Transparency Initiative (EITI). This scheme, which came into being in 2003, currently provides a common framework and action standard for 30 states, numerous businesses in the resource sector, civil society groupings, investors and international organisations. Its aim is to tackle corruption in the resource sector. It does this by calling on businesses in extractive industries to disclose the payments they make to governments in the countries in which they operate. At the same time governments are asked to declare the extent of their investment in the resource sector. On this basis – and with the help of independent research – an independent EITI reporter produces an annual public report.

However, the actual use of money earned in the resource sector remains unclear. Does it contribute to the sustainable development of the country? Or is it siphoned off for other purposes – of the kind that foster systems of clientelism and patronage, for instance? Critics say that the EITI tools do not go far enough in this area.

Jonas Moberg, head of the EITI secretariat, has no doubt about his priorities: “The focus of the EITI will continue to be on the disclosure of cash flows”, he says. In his view such disclosure is fundamental to transparent resource allocation and forms the basis for the process of negotiation between government, the private sector and civil society. And Mr Moberg confirms that the EITI is having impacts that go far beyond the reporting obligation. He comments that the campaigns of recent years have raised the awareness of civil society to such an extent that a return to an exploitative resource policy would be unthinkable. In many countries there is now a fruitful exchange of information and ideas between stakeholders in the resources sector; the goal of a society-wide debate on the use of revenues from the resource industry is thus moving ever closer.
For a long time an open discussion on tendering practices, revenue flows and production processes in the resource sector was not something that could be taken for granted in Central Africa. Indeed, Marie-Ange Kalenga of Publish What You Pay (PWYP) – an association of some 350 NGOs, some of which work closely with EITI bodies – reports extensive reprisals against members of her organisation, sometimes extending to imprisonment. That is a high price to pay. But Ms Kalenga knows that transparency and participation, together with integrity and accountability, are the four pillars of good governance. “If one pillar is missing”, she says, “the whole building collapses. Good governance is only possible if civil society has access to information and processes.” Ms Kalenga therefore calls for recognition of the monitoring function of her own and comparable NGOs, and for guarantees of safety from the governments of the countries in which they operate.

One thing, however, is clear: transparency is not an end in itself. “In any case, complete transparency is not possible”, declares François Valerian of Transparency International. And it is not even necessary: “The important thing”, says Mr Valerian, “is that all stakeholder groups have access to the information that is relevant to them.” After all, local communities invest their land, their social capital, their labour and their traditional way of life. “For that reason alone, people living in and near resource areas must be at least as well informed as the shareholders on Wall Street”, is how Mr Valerian sets out his minimum standard of transparency.
CONSIStENCy at national level – TURNING PRINCIPLES INTO LAWS

However, the EITI can only hope to make a modest impact unless it is complemented by the adoption and implementation of anti-corruption laws at national level. Here Nigeria is leading the way and setting a good example: companies that do not endorse the EITI principles are not permitted to invest in this West African country. The EITI principles were enshrined in Nigerian law in 2007. The CEO of Shell Nigeria, Basil Omiyi, calls on EITI candidates to adopt an equally uncompromising approach. “Communication with the public is important”, he says, “but at bottom it is only a means to the real end: the fight against corruption. Only in this way can the resource industry operate sustainably.”

INTERNATIONAL HARMONISATION – THE KEY TO SUSTAINED SUCCESS WORLDWIDE

Once national plans for increasing transparency in the resource sector have been successfully implemented, the next step is harmonisation at international level. Countries in which conditions and circumstances are similar – such as the CEMAC countries – can utilise synergies to improve the effectiveness of internal processes and take a stronger stand in dealings with international investors. The Economic Community of West African States (ECOWAS) is setting a good example in this area. Since April 2009 the 15 member states have adopted a joint policy on the harmonisation and improvement of their resource policy in the areas of legislation, regulation, infrastructure, revenues, training and social affairs. This is not only resulting in more effective policy formulation and implementation but also greater transparency in dealings with stakeholder groups. Such an approach makes it easier to formulate a society-wide vision, generates commitment and trust, and in so doing demonstrably promotes the use of resource revenues for development purposes.
SMALL-SCALE MINING: UNTAPPED POTENTIAL FOR SUSTAINABLE DEVELOPMENT

The economic importance of small-scale mining in Africa should not be underestimated: the non-industrial extraction and processing of mineral resources involves 4-6 million people; 40 million people profit indirectly from it. Indeed, in some countries artisanal mining is the dominant form of resource extraction. Can small-scale mining drive development? One problem is that mining practices that are environmentally damaging and harmful to human health abound in this sector, and miners often operate in precarious social and economic conditions. A further source of conflict is the rivalry between artisanal mining and industrial-scale concerns. Social peace, security and affluence in Africa depend to a large extent on the direction in which small-scale mining develops. In Yaoundé there was discussion of steps that could be taken to improve the position of small-scale miners through formalisation, training and networks.
CURRENT CHALLENGES IN SMALL-SCALE MINING

For many Africans small-scale mining represents an opportunity to profit from the worldwide demand for the country’s minerals. It poses an alternative to subsistence farming or seeking work in the cities. The prospect of a ‘big find’ is often the driving force. But the price paid is high: work in small-scale mining is dangerous. There is scant regard for even the most basic safety and environmental standards when working underground or with toxic chemicals. A significant proportion of the economic potential is lost as a result of outdated methods of mining, processing and marketing.

In many African countries the mining-related land-transfer agreements of the 1980s and 1990s completely ignored small-scale mining. Only gradually did it become apparent that this was a serious omission. Small-scale mining is often carried out informally, within the shadow economy. This prevents the emergence of a mutually beneficial relationship between the private and public sectors which could, for example, lead to the development of improved infrastructure and training schemes.

IN THE ABSENCE OF RULES, CONFLICT WILL BREAK OUT

Unregulated mining and trading of resources harbours great potential for conflict; this is reflected in the unhappy reality of many African wars, in which the parties’ strategic moves are governed by economic loss and gain. One means of greater regulation is the introduction of state-issued certificates of origin. The Rwandan government, for example, is in the process of developing a certification system for mineral resources that covers transparency, workers’ social conditions and environmental standards.

Mark van Bockstael of the World Diamond Council reports on the implementation of the Kimberley Process, a certification system designed to halt trade in ‘blood diamonds’. Since the process was started in the year 2000, some 75 countries have undertaken to deal only in raw diamonds that have a Kimberley certificate. However, it remains to be seen whether this process can serve as a blueprint for other similar agreements in the resource sector.

The doubt is justified. The Kimberley Process guidelines have significantly reduced the marketing of diamonds from conflict regions, but in many places implementation is hampered by corruption and the black market; it is clear that the Kimberley Process is not living up to the high expectations vested in it. Effective support from local governments is often lacking: without it, it is difficult for small producers to comply with standards. Nevertheless, Mr van Bockstael encourages the CEMAC countries to continue to support the process: “The Kimberley Process provides a unique opportunity for discussion between governments and small-scale miners”, he says. “This prevents conflicts and enables the needs of both sides to be
addressed.” He sums up his view with the optimistic verdict: “It’s a real win-win situation”. Cameroon is one of the countries that share his aims. Cameroon’s secretary of state for industry, mining and technical cooperation announced at the conference that from the end of 2009 Cameroon would be stepping up diamond mining in the south-east of the country and would at the same time be implementing the certification process. There are promising signs that Cameroon will spearhead a large-scale movement on the African continent. There is already a pan-African vision for small-scale mining: the African Mining Vision (AMV).

Nellie Mutemeri, an independent extractive industries adviser from Johannesburg, describes what this vision for Africa’s resource sector entails. The AMV is a framework for the sustainable use of geological resources in the mining sector that draws on the decisions of a number of initiatives at regional, continental and global level. The vision also provides a basis for the meetings of the African mining ministers at the seat of the African Union Commission (AUC) which have taken place since October 2008. The principles on which it builds include the ‘Yaoundé Vision’ for small-scale mining of 2002; it addresses issues such as child labour, gender equality and the access of small-scale miners to the market. “The fact that small-scale mining is no longer ignored in the socio-political negotiating process is a major step forward”, says Ms Mutemeri. But she goes on: “Now it is up to the legislators. If we are to see actual improvements in small-scale mining, the vision must be incorporated into a comprehensive system of legislation that is implemented at regional and national level.”

World Diamond Council expert Mark van Bockstael points out that extending the law to cover small-scale mining can also promote the peaceful coexistence of large mining companies and small-scale miners: “The problem here is not the conflict between two different types of business, but between two different legal systems: codified law and customary law.” When mining companies are awarded a concession for a particular area, he says, it is rare for small-scale miners to be considered. He proposes that the customary law of local communities should be taken into account when the awarding of concessions is planned. Ideally local rules would be absorbed into codified law.
We need a paradigm shift: establishing good relationships with small-scale miners is far more effective than the threat of force.

RICHARD SHERRINGTON, WARDELL ARMSTRONG

This can have highly pragmatic implications. For example, in Rwanda small-scale miners work as registered ‘subcontractors’ in the concession areas of large mining companies – often at sites in which industrial extraction is no longer economic. The concessionaire pays the subcontractors on the basis of the quantities produced. At the same time the concessionaire assumes social responsibility by taking out accident insurance, enrolling subcontractors in its work safety programmes, making modern mining technology available and providing training in its use etc. Both sides benefit from this approach.

But integrating small-scale miners into value chains is not the task of major investors alone. Local stakeholder groups must also cooperate. Setting up interest groups is an important tool for mediating the rights and claims of individuals. By organising themselves into cooperatives small-scale miners can successfully establish their position in the economic cycle; as members of cooperatives they are taken seriously by their governments and are better placed to take advantage of state subsidy programmes and training schemes.

Large companies can also help improve representation of the interests of small-scale miners. Petra Ondigo of the Rössing Foundation describes a pioneering project in Namibia, where the founding of cooperatives and regional associations has been supported by major companies such as Rio Tinto and AngloGold Ashanti as well as by the German Federal Institute for Geosciences and Natural Resources (GBR). Training courses on subjects such as staking and registering claims, identifying and assessing minerals and first aid are a key element of the project. Small-scale miners learn the benefits of adapting production methods to current environmental and social standards. They are also taught marketing methods that enable them to increase their profits and maintain an independent position in the market. Despite the positive response to the programme, Ms Ondigo believes that such initiatives should receive financial support only in their early stages; small-scale miners should be encouraged to stand on their own feet as soon as possible in order to avoid being shunted into a position of pseudo-independence.

It is just as important in Ms Ondigo’s view that local ministries should have an ‘open-door’ policy: ongoing communication between public and private stakeholders is essential if the potential of small-scale mining for sustainable development is to be fully utilised.
Of the 33 million people worldwide infected by HIV, more than two-thirds live in Africa. This widespread prevalence of the virus on the continent is not just a health and social crisis; it also poses a major risk to the national economies of Sub-Saharan Africa, which are in any case weak. In mining regions the infection rate is several times higher than in other areas. What can be done to halt the spread of the virus and which stakeholders can play a key part in this?
INCREASED HIV/AIDS RISK IN MINING AREAS

There are many reasons for the increased prevalence of HIV/AIDS in African mining areas, most of which are socio-economic in nature. Miners, the majority of whom are men between 18 and 49, often live apart from their families in order to work at mining sites. Prostitution therefore flourishes in mining areas – partly because by comparison with the rest of the population miners are relatively well paid. The situation is exacerbated by limited knowledge of the way in which the virus is spread and the miners’ relatively low risk-awareness: many are accustomed to risking their health in the workplace as a matter of routine.

Cultural reasons also play a part: machismo is integral to the male role in the communities of Sub-Saharan Africa. Men frequently have multiple sexual partners; as a result, heterosexual women are the section of the population that is most at risk.

HIV/AIDS WORKPLACE PROGRAMMES – THE EFFORT PAYS OFF

There is a great deal that businesses can do in the fight against HIV/AIDS – not least because many social habits are learned in the workplace. The business world must rise to the challenge. In the long term greater corporate social responsibility is a good investment. Schemes that began with HIV/AIDS programmes run by German car manufacturers in South Africa more than a decade ago are becoming more and more widespread. It is now common for HIV/AIDS awareness programmes to be laid on for workers as a routine part of their training.

Akua Ofori-Asumadu, project coordinator of the International Labour Organization (ILO) describes a workplace programme supported by the ILO that is run by the company Goldfields Ghana Ltd in the Ghanaian mining town of Tarkwa. The programme is based on an approach known as Behaviour Change Communication (BCC). It aims to bring about permanent change in the behaviour of at-risk groups through vigorous campaign work. The programme also includes discreet access to HIV testing, one-to-one counselling and medication – provided through the workplace – for those who fall ill.

The results confirm the success of the company’s approach. Whereas before the programme started in 2005 only 13 per cent of workers voluntarily came forward for HIV/AIDS testing, more than 80 per cent now do so. At the same time unsafe practices among the workforce have declined and have been replaced by more responsible sexual behaviour.
SENSITIVITY AND GOOD PREPARATION ARE ESSENTIAL

All HIV/AIDS workplace programmes have one thing in common: high initial investment is needed to set up comprehensive schemes that have a radical impact on workers’ everyday lives. For example, extensive behavioural studies of at-risk groups must be conducted and evaluated before the work itself can begin. Training documents must be adapted to the changed situation within the company, codes of conduct must be incorporated into company policies, test centres must be set up and monitoring programmes must take on medically trained staff.

However, one of the greatest obstacles for HIV/AIDS workplace programmes is miners’ fear of social exclusion. Anti-stigma campaigns are therefore vital. It must be made clear that HIV-positive workers will not be dismissed; they are just as valuable to the company as their non-infected colleagues.

Companies that have already introduced HIV/AIDS workplace programmes are now going further. Because the immunodeficiency disorder is still surrounded by a social taboo, more and more companies that have started out along the road are now expanding their health programmes. Workers are no longer just tested for HIV/AIDS but are offered a comprehensive health check. This means that HIV/AIDS workplace programmes are incorporated into general preventive health programmes, so that the immunodeficiency disorder is only one reason among many to draw workers in. As a result of general health checks, the HIV virus is often identified at an early stage during general routine testing and can therefore be treated more effectively.

AIDS cannot be separated from its social and economic context. AIDS education must be mainstreamed and must cover every area of life.

LEONARD NDEKI, AFRICAN MEDICAL AND RESEARCH FOUNDATION

The involvement of local stakeholders is crucial to the success of information and assistance programmes. Leonard Ndeki of the African Medical and Research Foundation (AMREF) sees the greatest potential for action in close cooperation between companies, local communities, governments and civil-society stakeholders. The long-term aim, in Mr Ndeki’s view, must be to establish strategic partnerships between businesses in the region. This increases the effectiveness of programmes and reduces costs.

In addition, Akua Ofori-Asumadu recommends companies that want to implement HIV/AIDS workplace programmes to work with local ministries, statutory bodies and hospitals. Public-private partnerships strengthen the sustainability and effectiveness of the schemes they promote. The ILO principles could serve as a starting point in this area.

Support for HIV/AIDS workplace programmes is also provided by the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (GBC). This is an international network of companies that focuses on the part businesses can play in halting the spread of these three infectious diseases. Erick Maville, the coalition’s European director, warns: “Within just a decade HIV/AIDS could reduce the workforce by up to one-third in the majority of African countries.” But Mr Maville is optimistic: “We can influence the course of this development.” The GBC therefore provides its members with the know-how needed for information schemes and preventive and clinical programmes, and initiates discussion with local government bodies and aid organisations. The network also provides a platform for sharing findings and recommendations for helping other companies to deal with these diseases.
ADVISERS AND FACILITATORS
