

# Enabling Mining Activities for Sustainable Development Through Local Content and Corporate Social Responsibilities in Cameroon

Ekabe Elema Joyce

**Abstract:** This article deals with enabling sustainability in the mining communities through the concepts of corporate social Responsibility (CSR) and local content in Cameroon. It analyses the concepts of Corporate Social Responsibility and Local content within the domain of mining in Cameroon. In this regard it looks at some of the impacts of Corporate Social Responsibility and Local content on mining communities and their contribution to sustainable development. The methodology used is essentially qualitative using both primary and secondary sources of information. This paper demonstrates the importance of CSR and Local Content within the mining sector

**Keywords:** Corporate Social Responsibility, Local Content and Mining Activities.

## Introduction

The concepts of Corporate Social Responsibility and Local content are contemporary phenomenon within the context of mining activities in Cameroon. Both concepts are key factors which boost up the relationship between mining communities and mining companies. This is so they are concerned with what a mining operator gives back to the operating communities. While Corporate Social Responsibility is voluntary, Local Content on the other hand has been made obligatory by the Mining Code.

## Corporate Social Responsibility in the Mining Sector

Corporate Social Responsibility (CSR) is an evolving concept prevailing in businesses, which seeks to establish a relationship between corporations and the communities within which they operate. According to the European Union Commission, CSR refers to "...A company concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."<sup>1</sup> In other words, the company voluntarily contributes to a better society and a cleaner environment. There have been divergent views on the necessity of CSR. The CSR theorist postulate that in these contemporary times, companies and their managers are compelled to play an increasingly active role on the welfare of the society. On the other hand, opponents like Friedman opined that the one and only responsibility of a business is to use its resources and engage in activities designed to increase its profits so long as it stays within the ambit of the rules which engaging in open and free competition without deception or fraud<sup>2</sup>.

The European Commission classified CSR into two dimensions which it termed CSR Internal dimension and CSR external dimension<sup>3</sup>. CSR within the internal dimension deals with those socially responsible practices that comprises of effective human resource management (empowerment of employee, responsible recruitment practices providing training opportunities), occupational health and safety at work, and management of environmental impacts and natural resources<sup>4</sup>. The external dimension of CSR deals with its relationship beyond the corridors of the economy. It takes into consideration local communities, that

<sup>1</sup> European Commission "Promoting a European Framework for Corporate Social Responsibility", *Green Paper*, 336, 2001: pp1-36, p.6

<sup>2</sup> M. Friedman "The Social Responsibility of Business is to increase its Profits", in T.Beauchamp & N. Bowie (eds), *Ethical Theory and Business* (New Jersey: Prentice Hall, 1970), pp. 87-91, p.87.

<sup>3</sup> European Commission "Promoting a European Framework for Corporate Social Responsibility", *Green Paper*, 336, 2001: pp1-36, p.8

<sup>4</sup> Ibid, p.10

is, the integration of the company in their local settings such as contributing to companies via job opportunities, provision of vocational training, child-care facilities for employees, charitable donations and other developmental projects beneficial for the community. Apart from local communities the external domain of CSR includes company's role in human rights protection and environmental safeguards.

The contributions of companies are mostly ranging from support for infrastructural development in education, health, electricity, scholarship and drugs for hospital<sup>5</sup>. Whatever the case, CSR presents mutual benefits for both corporations and the community. Businesses are integral part of the communities where they operate and they cannot succeed when the community is plagued socio-environmental challenges or governance problems<sup>6</sup>. A company that implements CSR benefits from better risk management, improved social licence to operate in the community and improved relationship with the regulators<sup>7</sup>.

The mining code of Cameroon makes no express provisions for Corporate Social Responsibility. Nevertheless, section 44(3) of the mining code which relates to the provision of social projects for the development of indigenous population and section 164 dealing with local content have been interpreted to mean the same thing as corporate social responsibility. However, the paper opines differently that though both CSR and local content targets the welfare, economic and sustainable development of the community, they are independent concepts. Corporate social responsibility is voluntary and it depends on the discretionary practice of the company. It is principally focused on social, environmental and philanthropic issues. On the other hand, local content is mandatory and has nothing to do with voluntariness. It transcends socio-environmental commitments such that it determines employment and recruitment policies of the company.

Worth noting is the fact that CSR may be different from place to place given that the different needs of social and environmental concern vary<sup>8</sup>. In Cameroon for example, some mining companies have taken different giant strides towards CSR. ALUCAM gained international recognition for its fight against HIV/AIDS, and was equally applauded for the construction of a mortuary in Edea and equipment of class rooms<sup>9</sup>. To improve on its relationship with its employees, ALUCAM constructed three (03) residential quarters for its workers at cite de palmes, cite de fromager and cite de Bilalang<sup>10</sup>. Also, on the 5<sup>th</sup> of December 2019, Dangote Cement Cameroon S.A donated as part of its corporate social responsibility policy one building of six locked up stores and another building equipped 4 toilets worth 15million to the Mokindi market in Limbe II municipality<sup>11</sup>. Dangote cement also opened up a pharmacy in Batoke and awarded scholarship to students. Sogea Satom operating in Ekona painted the Missoka village school and created a football field as its own way of promoting development in the area.

Corporate social responsibility plays a preponderant role in the promotion as it ensures "continuing commitments by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as local communities and the society at large"<sup>12</sup>. Corporate social responsibility is a necessary factor for the attainment of sustainable development.

---

<sup>5</sup> K. A. Ollong & E. Ndzi "Analysing the Corporate Social Responsibility by Extractive Multinational Corporations in Cameroon", *Social Science and Humanity Journal*, Vol. 1, No.5, pp. 359-397, p.366.

<sup>6</sup> P. Hohnen, *Corporate Social Responsibility, An Implementation Guide for Business*, (Winnipeg: International Institute for Sustainable Development, 2007), p.2

<sup>7</sup> Ibid p.12

<sup>8</sup> R. Aldo, "Local Content Policy and the WTO Rules of Trade-Related Investment Measures(TRIMS):T he Pros and Con", *International Journal of Business and Management Studies*, Vol.2 No.1, pp.137-46, p.138

<sup>9</sup> K. A. Ollong & E. Ndzi "Analysing the Corporate Social Responsibility by Extractive Multinational Corporations in Cameroon", *Social Science and Humanity Journal*, Vol. 1, No.5, pp. 359-397, p.366.

<sup>10</sup> ibid

<sup>11</sup> Memorandum, Corporate Social Responsibility by Dangote Cement, Ministry of Mines and Technological Development Regional Delegation for South West Reference No. 00195 received 20<sup>th</sup>/12/2019

<sup>12</sup> World Business Council for Sustainable Development (WBCSD), *Corporate Social Responsibility: Meeting Changing Expectations* (Geneva: WBCSD, 1999)

---

### Local Content

Local content is that benefit an extractive project brings to that community. The mining code describes it as “all activities geared towards local capacity building, use of local human and material resources, technological transfer, subcontracting local business, service and product and creation of immeasurable value-added for local economy<sup>13</sup>. Section 44 (3) provides that the mining agreement shall be drafted on a standard format comprising amongst others a provision relating to the local content of the project to be implemented. It is an obligatory exercise and not left on the benevolence of companies as is the case with CSR. In other words, the development of mining resources must include a local content with specifications on how the project influences Cameroon’s economic, social cultural, technological and industrial development<sup>14</sup>.

Local content therefore is a community development initiative scheme. It provides for increased employment opportunities for nationals. It equally guarantees a technical and vocational training program for Cameroon nationals in order to improve their skills in mining trade. Local content promotes labour rights such as the provision programme on working conditions, protection of workers against emerging risk and social security. It encourages a program for social development of the neighbouring population and the indigenous people in mining vicinities.

To ensure the implementation of the local content, the mining company with a mining agreement shall pay a contribution into a special local capacity building fund from the date of signing of the mining agreement and up to the amount fixed in the agreement<sup>15</sup>. The purpose of this fund is to finance Cameroon’s economic, social, cultural, industrial and technological development through the development of human resource, local enterprises and industries<sup>16</sup>. Put differently, the contribution targets the development of local human resource training such as creating local training institutions for mining professionals and upgrading home based companies involved in the mining sector. It encourages social programmes and projects for the promotion of indigenous and local population in the vicinity. It promotes programs for the fight against the worst forms of child labour in mines, guarantees maternity protection in mines and the monitoring of the company’s commitment to the local content<sup>17</sup>. The amount of contribution shall be 0.5% - 1% of the company’s total over excluding tax<sup>18</sup>.

As concerns recruitment mining companies shall give priority to Cameroonians in majority with the required skills as per the Labour Code and where it concerns positions which do not require special skills 90% of such jobs must be reserved for Cameroonians. As exciting as this provision sounds, this is usually not the reality as most Cameroonians lack the technical skills related to industrial operations. This explains why in most industrial mining companies in Cameroon, executive positions and high profile positions are occupied by foreigner. Inadequacy in managerial skills and sophistication by local workers to perform at international standard is a hindrance to local content. This may attract problems as it can lead to loss of competitiveness in the mining industries as employees without corresponding skills and quality which hinders competition necessary in mining industries.

According to section 168 of the mining code, preference shall be given to mining companies governed by Cameroonian law. They shall be given preference for construction contracts, contracts for the provision of services, material and equipment and products relating to mining operations. Section 167 of the same code further declares that technological transfer programs shall be enhanced with a view to encourage, facilitate and enable the gradual replacement of the expatriate staffs of the companies with local staffs. This is a discriminatory policy against a foreigner thereby putting a foreigner to a disadvantaged position compared to a national in the mining company.

---

<sup>13</sup> Section 4 of the Mining code

<sup>14</sup> Section 164 ibid

<sup>15</sup> Section 166 ibid

<sup>16</sup> Section 236(1) ibid

<sup>17</sup> Section 166(2) ibid

<sup>18</sup> Section 166 ibid

---

Local content contradicts the requirement of free trade and investment agreement as in General Agreement on Tariff and Trade (GATT) and Trade Related Investment Measures (TRIM) whose articles prohibits local content<sup>19</sup>.

CSR and Local content from the above are interesting novelties applicable in the mining sector whose effective implementation will promote sustainable development. It is quite unfortunate that the major hindrance to the application of these concepts is due to the failure of the legislator to make CSR compulsory in the mining Code and the non-availability of the decree of Application of the Mining Code.

### Sources

1. European Commission “Promoting a European Framework for Corporate Social Responsibility”, *Green Paper*, 336, 2001: pp1-36.
2. European Commission “Promoting a European Framework for Corporate Social Responsibility”, *Green Paper*, 336, 2001: pp1-36.
3. K. A. Ollong & E. Ndzi “Analysing the Corporate Social Responsibility by Extractive Multinational Corporations in Cameroon”, *Social Science and Humanity Journal*, Vol. 1, No.5, pp. 359-397
4. K. A. Ollong & E. Ndzi “Analysing the Corporate Social Responsibility by Extractive Multinational Corporations in Cameroon”, *Social Science and Humanity Journal*, Vol. 1, No.5, pp. 359-397.
5. M. Friedman “The Social Responsibility of Business is to increase its Profits”, in T.Beauchamp & N. Bowie (eds), *Ethical Theory and Business* (New Jersey: Prestice Hall, 1970), pp. 87-91
6. P. Hohnen, *Corporate Social Responsibility, An Implementation Guide for Business*, (Winnipeg: International Institute for Sustainable Development, 2007).
7. R. Aldo, “Local Content Policy and the WTO Rules of Trade-Related Investment Measures (TRIMS): The Pros and Con”, *International Journal of Business and Management Studies*, Vol.2 No.1, pp.137-146
8. UNDP and UN Environment, *Managing mining for Sustainable development: A Sourcebook*, (Bangkok: United Nations Development Programme, 2018)
9. World Business Council for Sustainable Development (WSBD), *Corporate Social Responsibility: Meeting Changing Expectations* (Geneva: WBCSD, 1999)

---

<sup>19</sup> UNDP and UN Environment, *Managing mining for Sustainable development: A Sourcebook*, (Bangkok: United Nations Development Programme, 2018) p.91