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Local Content Agenda in the Extractive Industries: The Emerging Achievements and Challenges of the Mining Sector in Cameroon

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ABSTRACT

The paper offers guidance on understanding and delivering local content in relation to the extractive industries, with a particular focus on the mining sector. It aims to offer the mining developers practical advice on how they can realise the potential value of local content and to offer all stakeholders suggestions on the ways to aid create shared value via local content development. Since local content frameworks require investors to meet certain social investment targets amidst trade-offs. As the local community where the exploitation is taking place do often benefit in terms of job creation, local business development, capacity building and technology transfer. Thus, as the mine is opened in the community, the members of the community immediately expect benefits from employment opportunities at the mine and be able to sell their goods and services to the mine. Despite these, some challenges still exist like the nature of the goods and services offered by the community, which can lead to conflicts if not properly managed, especially where there are lapses in legislation. Although as seen in the case of Cameroon, where the lapses in local content legislation, have enabled the mining companies to take a range of approaches to local content, from strategic to opportunistic, though with varying degrees of success. In this vein, the paper proffers the policymakers and other viable stakeholders in the mining sector to brainstorm and adopt specific legislation on local content, and establish a national agency of local content, as the first step towards operationalizing local content, as a sustainable and alternative strategy to avoid the resource curse dilemma in Cameroon. As such, although the recommendations as they stand can be taken up by stakeholders individually – though to achieve the full potential of local content development, a more cohesive and strategic approach is warranted, where a stakeholder forum is held constantly, whereby the stakeholders can debate and discuss the issues, challenges and opportunities, and hopefully come to a collective decision as to how best to proceed in a strategic and industry wide manner. Likewise, scholars from academia, civil society organisations, and other research

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institutions will find the research outputs a valuable addition to their current knowledge of the mining sector and an impetus to conduct more research on the local content agenda.

Keywords: *Local content, Extractive Industries, Mining Sector, Cameroon.*

I. INTRODUCTION

Compendiously, many large extractive industry projects take place in poor regions with many development needs and vast development potential. As such, it is a shared responsibility and in the interests of both the investors and the governments to optimise the contribution of such projects to the sustainable development of the local, national and regional communities affected by those transformative projects. This is because any failure to meet this challenge can engender political and social opposition, which can lead to suboptimal development and investor outcomes. As such, the paper addresses the roles of large companies, governments, and other stakeholders in promoting integrated sustainable development at the local levels, with a focus on situating the transformative investment in the development context. Since integrated local-level development in the context of the extractive industries means mitigating damages, especially environmental and social, community engagement and consultation, and a multi-sectoral development programme that can address the specific rights, needs, and conditions of the local communities sustainably. The proper integration of the investment in the local, national, and regional communities requires a rigorous understanding of the complex development needs of the communities and countries in terms of economic potential such as jobs, technology and training, business development programmes, technology transfer, downstream industrial development, environment, and sectoral development at the community level. Accordingly, the proliferation of development efforts at the local level in the extractive industry communities by myriad groups attests to a desire by the industry and the government to find new sustainable solutions to the development challenges in the context of the extractive industries. This is because most extractive projects are often located in remote and rural areas where railways, roads, water systems and power grids are generally underdeveloped.

Consequently, the idea that the extractive industry projects could create “resource developmental opportunities” to build this backbone infrastructure for development is at the core of the links between the “spatial development corridor” framework and discussions of “resource-based development”. Since the idea is that a “deepening” of the resource sector through up-, down- and side-stream industrial linkages can, over time, contribute to local development and a more diversified economy, and a more equitable and politically stable society, with increased human capital and physical infrastructure. In this light, it is noted that

the potential consequences of overlooking the rights and needs of the community are increasingly well-known. As on the one hand, Hoffman avers that even in financial terms, the opposition by a community to an extractive industry investment can weigh an investment down. Besides, even financial ratings agencies like Standard & Poor and Fitch outline the importance of “public acceptance” to avoid negative externalities, social costs, and the “public backlash”. On the other hand, a company’s endeavours to foster a vibrant local economy can have positive impacts on the company’s bottom line by reducing the cost of production inputs. Thus, it is worth reiterating that there is a real business case for companies carrying out a mega project to participate actively in the local development of the communities in which they operate. This is because the participation not only reduces their cost of production and gives them a “social license to operate”, but it can also allow them to overcome resource constraints, governance gaps and institutional weaknesses, increase their market share, and reduce their insurance and security costs; since the potential benefits for both parties are enormous.

Notwithstanding this, it is observed that there are very few if any examples of extractive industry investments that have contributed to local development in an integrated and sustainable manner. As such, there is a need for a greater effort to ensure the adoption of sustainable local content frameworks, to increase the economic activity within the geographic area affected by the extractive industry projects. This is because there are significant national economic expectations around the extractives industries such as the participation of the local industries to maximise the benefits of the local communities and mitigate potentially negative economic outcomes associated with the extractives activities. In this light, an important consideration is the journey local content development has taken in the context of the extractive industries. As the role and expectations of local content have evolved and become a critical element of the resource sector’s engagement within the countries of its operations. Likewise, public policy in the area has also started to develop and ideally link with the development priorities of the extractive industries, although the approaches vary widely across countries due to their different individual development path. Despite this, it is worth noting that regardless of the regulatory landscape, operating environment or the best intentions of involved parties, truly successful local content outcomes can only be driven by the cooperation and aligned intent of the following four key actors: the government; the company or project proponent; civil society groups and the donors including international financial institutions; who often have different drivers, goals and stakeholders, and collectively form a complex system of interactions, influences and ultimately outcomes. Equally, although the application of their role varies significantly between the countries, however, the intersection between them can create unique opportunities for progress

in local economic development. This explains why there is no distinct proven approach to local content initiative although the guiding principles for creating the right enabling environment are becoming better known.

Moreover, the relationship between the central and regional governments is a key aspect of a local content framework. This is because such a relationship defines how resource revenues or royalties flow to the sub-national level, the legislative power between the two, the capacity of the national and regional government, and the state of the local industry, which are all relevant to the development of local content strategies. Since local content outcomes are not achieved quickly where the operating environment has a weak or limited industrial base, where skills and technical capacity are not aligned to the industrial sector, and where a business-enabling environment is yet to be fully realised. In this regard, the paper is designed to provide an updated overview of both the achievements and challenges for local content development in the mining sector in Cameroon. By so doing, it seeks to provide a guideline to stimulate the consensus of the stakeholders and the enabling framework to adopt local content for mining companies that can create jobs, reduces conflict, and brings benefits to all stakeholders. Since the steps to reach such a goal is to engage in a multi-stakeholder consensual approach, with a defined local content development agenda, which is a means to promote economic development, reduce conflict in the mining sector, and promote a more positive investment climate that benefits all the stakeholders in Cameroon. Equally, other parallel topics that are also important either as enabling or limiting factors or as elements that could be aligned to expedite the development of the local content agenda like local employment, skills development, infrastructure, tax regimes and legislative frameworks, have been included. These elements are discussed in the paper as elements which can be considered for alignment in terms of the overall development of local content in the Cameroonian mining sector. Nonetheless, since local content is a broad topic with no specific definition, local content programmes need to be participatory to ensure a realistic representation of the current situation, and ensure that the recommendations to be developed should be robust, realistic and implementable within the context of present-day Cameroon. In this regard, the paper is presented in two parts, with the first part dwelling on the achievements and challenges of local content in the extractive industries, while the second part focuses on the emerging trends and impediments in the implementation of local content in the mining sector of Cameroon. Finally, a set of recommendations is offered on the specific role of local content frameworks in the mining sector in Cameroon.

II. OVERVIEW OF LOCAL CONTENT IN THE EXTRACTIVE INDUSTRIES

This part introduces the concept of “local content” and provides some background as to the concept for the purposes of this paper. Although theoretical in nature, given the wide variation of understanding and uses of the word globally, this part is important to ensure that the paper is read within the context in which it is intended. This is because various stakeholder groups are all using different definitions for or have differing understandings of the concept, with Warner defining it in terms of the value contributed to the national economy through the purchase of national goods and services. While Esteves et al., stipulate that it includes various schemes ranging from delivery of raw materials on site - to establishment of commercial relations with firms with permanent operational offices in a given area. They add that local content policies in the context of the extractive industries aim at extending or expanding the benefits of the oil, gas and mining activities for the national economy; by opening access to economic opportunities through employment, participation in the supply chains or provision of other related support services. Likewise, Bacon et al. allude that local content policies are not only related to the immediate increase in local services or products - but also to actions that will result in improvements and long-term growth in other sectors related to the hydrocarbon sector. Similarly, Perez, asserts that local content aims to make the participation of countries in globalised industries as broad as possible in terms of value-added, which means that the incentives for local content may range from interest rate subsidies in favour of strategic sectors and projects to contractual obligations in the public market. He also notes that foreign companies must be seen as partners to implement local content policies - because they are the starting point for generating economic and technological chains, which open access to larger segments of the global production chains.

From this perspective, policymakers of resource-rich countries can stimulate economic development by adopting local content frameworks. Since from the economic front, local content is perceived as a “low-hanging” fruit because it can potentially create jobs and stimulate local industrial development. As such, it seeks to capitalise on the companies’ necessity to source certain critical goods and services as well as on various types of jobs that are needed during the life cycle of the mine, at different skill levels. Thus, it is estimated that between 40% to 80% of the revenue created in oil, gas and mining, is spent on the procurement of goods and services. With the share spent in countries varying significantly, depending on the type of mineral at stake and the capacity of the countries to supply the requisite goods and services to the extractive firms. For this reason, more than 90% of resource-rich countries seek to use local content policies to get as many benefits as possible from that potential. Moreover, on the socio-

political interests, local content is increasingly considered a vital tool in enhancing sustainable development. As such, in several resource-rich countries, stakeholders are denouncing policy failures, thus, increasingly holding the governments to account because the extractive industry has largely failed to deliver on inclusive and sustainable development objectives and welfare creation. In this regard, the Africa Progress Panel 2013, for instance, portrayed the wide disconnection between wealth and well-being, depicted by the mixed record between high growth rates in some resource-rich countries and poverty and low human development.

(A) The Structural Perspective of Local Content

Succinctly, it is important to note that when designing a local content strategy, the initial step is to define the place of reference, with the dominant approach being to focus on the national level. While the crucial approach is to equate such a place with the smallest administrative unit, or combination of units, where the natural resource extraction projects take place, be it a village, town or municipality. Thus, since it is clear that such small administrative units where resources are located are the ones directly concerned with the productive usage made from the unit's own resources, it is considered as the starting point of the true structural extent through which the extractive industry effects span. Despite this, the two approaches are important in determining the spatial dimensions when placing the subnational context in a broader light. Therefore, the first spatial dimension is that of the activities of natural resource extraction. This is because although the actual extraction of resources is fixed in space, being entirely dependent on the actual location of the resource, a large part of the activities of the rest of the value chain is unattached and flexible. As such, the actual extraction process, which is a highly capital-intensive process, may not actually make use of local resources other than land and water. This is because the extractive companies often operate in highly integrated global value chains, in which the local economies do not necessarily participate; which is partly explained by the existence of higher scale economies in the production of inputs in other locations, concentration of ownership along the chain, level of risk and uncertainty, and the lack of specialised knowledge and capital in the local economy.

While the second spatial dimension to consider is the distribution of economic activity within the country in question - since agglomerative forces at work often make the population and economic activity concentrate across space. As such, new businesses are drawn to dense places because of the availability of inputs, services, specialised labour and customers. For example, in Ghana, it is seen that the large majority of the firms making up the mining inputs cluster are concentrated in the Accra Metropolitan Area and the adjoining metropolitan area of Tema, where they are close to the headquarters of the producing mining companies. This implies that

even for activities taking place within the same country, there is a significant effect of distance. Thus, for suppliers that could benefit from linkages with the extractive companies, the only way to operate may be by locating in an already dense location, implying that the suppliers have to incur transportation costs, which are often prohibitive for small producers in a country with poor infrastructure. Equally, it is worth noting that because of the concentration of the economic activity in the selected places, the bulk of the creation of new businesses derived from the linkages may entirely bypass the local-local or even the regional (sub-national) economy.

Notwithstanding, it is important to note that these considerations do not imply that some local economies are condemned to never develop their own industries. But instead, it points to the fact that designing the most beneficial interventions at the local community level cannot be done independently of other subnational and national efforts. As doing so, runs the risk of replicating or even contradicting other policy undertakings, which may not achieve the necessary momentum that is required to create a dynamic and sustainable extractive industry. As this narrow view of space can limit the options of community businesses to basic services, such as catering and cleaning, which need to be sourced locally and constitute a source of employment for locals, but are not in themselves a source of dynamic gains. Moreover, the firms can exploit their unique advantage of being in close proximity to the extractive project site by being part of larger competitive undertakings happening at the subnational and national levels, such as the creation of industrial parks, clusters and growth poles, or building technological capacities and shaping governance for the upgrading of local businesses in global value chains. From this perspective, the role of the actors at the subnational level is to work actively in the design of such projects to ensure that they stay in tune intending to maximise the benefits of the extractive activities for the local population; an issue role that will be explored in the second part, with particular focus on the mining sector in Cameroon.

(B) The Impacts of Business Linkages on the Local Content Agenda

Aptly, it is worth reiterating that large companies with millions of dollars of annual procurement provide a significant business opportunity to stimulate the local economy by including local small and medium-sized enterprises (SMEs) in their supply chain. Besides, the opportunity for development can even be bigger and go beyond the constitution of a local supply chain provided that the governments push for business linkages while the companies set them right. As such, one approach to promote such linkages is through national legislation. For instance, in Namibia, where mining contributes to 11% of the national gross domestic product (GDP), the Chambers of Mines has created a category of “historically-deprived Namibians” (HDNs) to grant them opportunities to participate in the mining industry. In this light, in order to obtain its 2009

license on the new mine of Trekkopje, the French state-owned nuclear-reactor manufacturing, marketing, and uranium mining group Areva had to pledge that 99% of its workforce would be Namibian. Despite this, it is contended that the benefits of local content can be enhanced if complimented by technological spillovers, on-the-job training and longer-term investments in vocational training capacities. Therefore, an example of a linkages programme that is often cited for successful elements is Mozlink in Mozambique - a joint initiative of Mozal (owned by BHP Billiton) and the International Finance Corporation (IFC). With BHP Billiton describing the programme as a “supplier development programme, which promotes linkages between investment project in the country and the local SMEs”, while IFC affirms that Mozal had trained and created linkages with 72 companies as of December 2009. As such, the SMEs’ performance in key areas of quality, management, maintenance, and safety had improved by 20% on average and their revenue growth was 34% from 2006 to 2009. Likewise, in South Africa, the Anglo-American’s Zimele Programme invests in and provides loans to local black-owned and managed enterprises to build capacity. It holds minority stakes and influences the strategic and managerial direction of domestic companies through its board representation. Thus, Anglo Zimele invested in roughly 150 SMEs, which employed over 2200 people, and the survival rate of the companies is 72%.

Nevertheless, there are questions about the sustainability and long-term impacts of these programmes. Since in the case of Mozal, it is realised that the project design did not foresee a long-term engagement, and support from the programme dropped off after the completion of the course, whereas most of the SMEs needed ongoing support. Indeed, in both cases, it is observed that only the potential suppliers of the companies benefited from the programmes. Consequently, it is strongly argued that joint ventures with state-owned corporations or local entities are useful vehicles to promote a more significant exchange of technologies and training for local SMEs. In this light, the president of the National Mining Society of Chile recently invited Chinese companies to partner with local Chilean mining businesses that have projects but do not have the capital to develop them; while suggesting that such joint ventures with local entities would make it easier for the Chinese investors to enter Chile, and would benefit the local partners by providing access to new technologies. From these perspectives, it is important to note that joint ventures have also been promoted as a means to establish industries based on the products, co-products, by-products and waste products of extractive industries that would allow the country to increase the value of its exports, proceed to import substitution and hedge against the volatility of the primary commodity markets. This is, for instance, what drove the creation of Botswana's De Beers-State-owned Debswana Diamond Company – a joint venture

with DeBeers, which allowed Botswana to move up the value chain and sell polished diamonds with great added value. Similarly, another crucial issue to address is the financing gap of SMEs, which is often mentioned as a critical component of successful linkage and training programmes - since in poor areas, the financial service providers often regard SMEs as high-risk and unprofitable due to the high transaction costs involved in assessing creditworthiness and making loans. As such, it is vital to put in place a sustainable mechanism that will enable the financial services to provide the necessary financing to the SMEs operating within the extractive communities, to scale up production, upgrade technology, and change or improve products and services, training and capacity building.

(C) The Potential Benefits and Opportunities of Local Content

The benefits are important to consider given the investment of time and resources that will be required to develop a local content programme that is inclusive of all stakeholders. As such, developing countries like Cameroon, due to their legal frameworks always seek to adopt an approach that is more related to encouragement or collaboration as opposed to legislative or prescriptive in nature, so as to encourage the participation of the stakeholders, set realistic and achievable goals while maintaining expectations. Indeed, for the government, the tangible and direct benefits of increased local content are clearly related to increased employment opportunities and taxes. As such, through the strategic development of a local content programme, a robust and diverse economy can be built, which is also a benefit to the extractives industry over time, thus, reducing the costs of unemployment, and external migration. Moreover, although many companies see local content as more of a social or development programme, it is worth noting that real business benefits can be gained from increasing local procurement. Since working with suppliers that are located relatively close to an operation means that there are reduced risks relating to interruption of supply. Also, when there are changes due to technical specifications or specific requirements, it is much easier and quicker to deal with local suppliers. Besides, quality control is much easier when dealing face-to-face directly with suppliers than with those located far away with no physical contact. Although the issues of new suppliers in relation to quality may be a challenge, there is a need for close cooperation with international donor organisations through capacity-building programmes and the implementation of programmes such as the ISO 9001 Quality Management Systems. In addition, by having a clearly defined and articulated local content strategy, the future community benefits could be laid out from the start of the project, which could help to secure community support, maintain realistic expectations and reduce the need for short-term social payments. Furthermore, it is important to note that community benefits often mirror those of

the government in many ways, in terms of employment opportunities and local tax collections. Despite this, these benefits are generally felt more acutely and visibly at the local level due to the scale. Equally, the benefits can also be greater and more widely felt across the community, as higher employment and levels of tax revenues allow for local governments to provide higher-quality services to all community members. Correspondingly, the potential for local conflict would be reduced through a more collaborative and productive relationship, and even change the entire nature of the relationship. Thus, through increased income and tax generation from a strategic approach to local content, the community can become more self-sufficient and become a partner supporting the success of the mine. As such, outward migration, and the socio-economic costs that are associated with this, could be reduced by providing additional employment opportunities in the home communities.

Explicitly, it is worth reiterating that procuring from local SMEs and employing locally can bring significant social and economic benefits to communities. In addition to creating business for suppliers, local procurement can stimulate economic activity and attract further investment, both through suppliers engaging other suppliers for inputs and through the multiplier effects of employees of local businesses spending some of their wages in their communities. Equally, other benefits can include improving the quality of life for employees, business owners and operators - through increased income and education/skills, dissemination of new technologies and innovation to other market participants, and attraction of investment in social infrastructure. From this perspective, various governments have endorsed local content frameworks, although, in this contemporary era, such local content policies in extractive activities vary in scope and level or type of regulation applied. Since in some cases, they are designed for a clearly identified target group(s) in spatial, industrial or social terms, while in others, they are part of a strategy to fundamentally transform the local economy. Indeed, in such cases, it is expected that new productive activities arising directly and indirectly from the extractive activities will make a sustainable contribution to employment and income generation in the long run. The level of complexity and uncertainty attached to the different interventions varies with a number of factors: the number of actors expected to benefit from the intervention, the initial state of the local economy relative to expected outcomes, and the alignment of local content interventions with other industrial and developmental policy interventions.

Notwithstanding, on the one hand, it is paramount to put in place regulatory mechanisms to ensure that the local content provisions are implemented, especially through local content legislation and regulations outlining clearly the local content requirements. While on the other hand, the companies involved in the extractive industries need to commit to certain local content

requirements under the terms of their individual concession or framework agreements. Nonetheless, it should be noted that the strength of the regulatory mechanisms often varies with the specified monetary and operational consequences for the extractive companies in case of non-compliance. This is because some of the provisions might not specify any type of sanction for non-compliance, but instead only suggest to the extractive companies that preferential treatment should be given to local suppliers and workers. Consequently, when non-compliance arises, these provisions can ultimately be relied only on moral suasion. Equally, it is worth noting that sourcing locally, assuming all other factors are equal, makes good business sense for the company in some cases. Moreover, the regulatory mechanisms can mandate the purchase or use by extractive companies of goods and/or services of domestic origin or from domestic sources, allow for a price premium for domestic suppliers when evaluating tenders, reserve a proportion of contract value or a whole contract for execution by domestic enterprises, or make access to specific fiscal incentives subject to compliance with specified local content requirements. Indeed, such requirements are usually contained in a local procurement plan, with their implementation overseen by national or subnational government regulatory agencies. As such, it is common for companies to be required to regularly report on progress against a predetermined plan.

This is because the extent to which resource-affected communities actually benefit from the changes brought about by local content frameworks depends on their capacity to take up the opportunities and their level of dependency on the resource sector. Therefore, while some communities will benefit more from developing their own industries, most regions are likely to benefit by adopting the dual approach of diversifying the local economy and enhancing the links to the rest of the world. As such, a vital step for policy-makers, resource-dependent communities and proponents, involves undertaking a basic socio-economic analysis to determine the level of resource dependency and the specific industries that should be encouraged to operate in the region. This is because these results can help in informing the local content policy development process. Since knowledge of the success factors and their indicators will assist such communities to assess and increase their capability to develop initiatives for local content. In this regard, one important opportunity lies in the emergence of partnerships between the industry, governments, support institutions and development agencies to establish supplier linkage programmes, to enable SMEs to access financing and skills development programmes, technical mentoring and support for the development of business management skills. These linkage programmes also focus heavily on institutional strengthening activities to encourage an enabling environment for SME development. Equally, one particular focus has been on assisting

women to establish their own small businesses by providing them with access to legal, business and financial systems, thereby reducing the gender gap that prevents many women from participating in economic life.

Moreover, a further opportunity exists in the evolving attitudes amongst some multi-national corporates towards local content, as evidenced by the shift in the way the business case is communicated. This is because, the initial motivation for investing in local content was a need to comply with formalised commitments, either to a host government, an investment partner, or an indigenous community, or pursuit of a social license to operate. Although compliance was deemed necessary to secure access to the resources, however, over time, specifically in the case of local procurement, these companies had become increasingly motivated by the desire to establish and maintain enduring partnerships with local suppliers for mutual benefit. Consequently, the extractive resource companies are now engaging in a range of local procurement interventions that are designed to increase local business access to contract opportunities by assigning higher preference weightings to local businesses in competitive bidding processes, sole sourcing arrangements with local suppliers, price matching, breaking large contracts into smaller ones (unbundling) to create opportunities for smaller local suppliers, requiring non-local suppliers to sub-contract locally or to enter joint ventures with local suppliers, providing technical and management training and mentoring, and linking local businesses to other service providers and agencies that promote technological innovation and provide access to finance. Despite these, the current experiences and practices across countries vary with respect to their definitions of local content and the scope and regulatory mechanisms available. This is amplified by the fact that members of the World Trade Organisation (WTO) are technically bound under the national treatment obligation clause, which provides that foreign companies should not be forced to buy from local suppliers or hire local service suppliers if a better alternative in terms of price or quality exists abroad. However, many regulatory mechanisms employed by the WTO member countries fall outside of what is permissible by the WTO, for instance, the WTO grants a minimal preferential treatment right to members from developing countries, thus, enabling them to still implement their preferred regulations.

(D) The Adverse Effects and Constraints of the Local Content Agenda

There are several local content-related triggers leading to adverse consequences. For instance, setting inappropriate key performance indicators and targets for local content can encourage perverse behaviour. One example of this is ‘fronting’ where companies are established with the prescribed local ownership or address, but the decision-making and benefits are held by

individuals other than those who are not targeted beneficiaries of the local procurement policy. The impact on the local economy is also restricted when goods supplied to resource companies are merely imported, repackaged and resold by local firms. Other examples of unintended negative consequences of local content interventions could be the relatively high wages paid by the large resource companies that can result in local people being drawn away from other businesses in town. As a result of these losses, local communities can find their already limited services sector shrinking even further. The loss to communities is compounded because they may also suffer a major loss in human capital, as experienced retailers, administrators, nurses and teachers leave their professions to work in the resources sector. In addition, community dissatisfaction can set in due to the community perceptions that particular groups have been favoured in the allocation of employment or business opportunities can negatively affect social cohesion and lead to disputes within groups.

Some other examples include local content interventions being closely aligned with public officials' or investors' other local businesses, targets resulting in the selection of contractors unable to meet prequalification without falsifying capabilities, extortion of fees to be part of a tender list, authorisation of single/sole sourcing without appropriate governance arrangements, bid rigging between contractors to increase prices, or bribery of officials to provide certification. Likewise, SMEs that have the resource company as their sole or major client can be left vulnerable to the business cycles of the larger company and there may be little in the way of opportunities for diversification. This issue is compounded when the resource project is at a remote location and the only "game" in town – underlying demand is set by a single source. With the resulting impacts on employment, income and investments in local businesses having a devastating effect on the local communities heavily dependent on the industry, as some communities located in remote areas with difficult accessibility being especially negatively affected. Moreover, the development of an educated and skilled labour market can affect the 'sense of community' as this labour may move to other locations for employment. As such, it is worth noting that before promoting the benefits of local content, it is important to consider these changes and the risk of local content to the local community and its social and economic development.

Notwithstanding these, a major constraint lies in the misalignment of the extractive project development timelines, that is, those set by local content regulations and those required for building local capability. For these reasons, local content opportunities and local community capability assessment need to be identified during the studies conducted at the exploration, conceptual and pre-feasibility phases. This is because, at each of these phases, the challenge is

to manage community expectations and identify which skills should be developed that can be applied to other sectors if the project is not approved. Indeed, such studies and management plans that the permitting authorities require of the extractive proponents present an opportunity. In addition to consideration of the bio-physical/environmental, social and health impacts associated with the project, there is a great need to assess the local procurement and employment opportunities. Correspondingly, integrating the local content management plans into the permitting processes open up the prospect for meaningful analysis, stakeholder participation and negotiation in identifying the future needs for sustainable economic development at the subnational level. As such, there are several frameworks available to guide collaborative planning for local community economic development. For instance, some indicators like human and economic capital represent the factors contributing to the success of local economic development. Moreover, it is also important to consider other determinants of innovation at a local level, such as density and accessibility between firms, local-international linkages, and local-regional innovation policies and investments. In this light, the World Bank has proposed a set of indicators that represent factors contributing to the success of local content in particular, by describing such factors as drivers of the local economy affecting the firm-level competitiveness. From this, a distinction can be made between the drivers of competitiveness at the microeconomic or macroeconomic levels. Those on the microeconomic level include human resources and management capabilities, technological capabilities, access to finance, access to procurement opportunities with large investment companies and local infrastructure, and clusters and support structures to generate additional synergies and opportunities for local firms. While those on the macroeconomic level include capital markets, regulatory environment, ease of compliance and certification with regulation, import and export regimes, investment incentives, national infrastructure, and workforce improvement, through educational and training policies. Similarly, the World Bank report affirms that conducting such analysis in a multi-stakeholder deliberative space can be useful in informing which drivers of subnational competitiveness sit within the responsibility of the government, and which are influenced through collaborations between the extractive companies, government, civil societies organisation, and other partners.

In a nutshell, this part has readily brainstormed and assessed how a viable local content framework can be beneficial for the extractive industries that could greatly enhance the economic sustainability of the producing communities in general. Equally, the roles of the government, companies, industries, civil society organizations (CSOs) and the indigenous communities, in maximising local benefits through partnership agreements amongst them, are

well elaborated. From this, it is noted that in all cases, the government is the prime actor to set the pace with clear targets from which the companies must make firm commitments and also publish transparent reports on their results. As such endeavours will enable the CSOs to be able to analyse the results and monitor the progress of the local content directives. This is because, within the extractive industries, there are multiple evolving commitments and attitudes toward local content. With the initial motivating factor to invest in local content initiatives being based on the need to comply with the formalised commitments, either to a host government, an investment partner like the IFC, an indigenous community, or in pursuit of a social license to operate. From these, it is worth accentuating that although compliance is readily deemed necessary to secure access to resources, there is the need to adopt a collaborative approach that will enhance stakeholders' participation in the elaboration, adoption and implementation of local content in the extractive industries. In this sense, the international or foreign good practices x-rayed so far might be helpful to resource-rich developing countries like Cameroon, in crafting a more comprehensive, reliable, sustainable, and enforceable local content framework in the mining sector in particular and other viable sectors. Similarly, it may motivate the establishment and maintenance of enduring partnerships with local stakeholders for mutual benefit. In this regard, the next part provides an overview of international practices, the emerging trends, challenges, and opportunities of local content in the mining sector in Cameroon.

III. DISCUSSION OF THE GAMUT OF LOCAL CONTENT IN THE MINING SECTOR OF CAMEROON

Congruently, prior to 2016, mining activities in Cameroon were mainly governed by Law No. 2001/001 of 16 April 2001 establishing the Mining Code and its implementing Decree No. 2002/648/PM of 26 March 2002, as well as subsequent amendments introduced. In addition, companies carrying out mining activities in Cameroon are also subjected to the uniform laws adopted by OHADA as well as the customs and exchange regulations applicable in the CEMAC region. However, in 2016, Law No. 2016/17 of 14 December 2016 promulgated a new Mining Code, which provides mining activities in Cameroon can only be carried out under a mining title or a mining agreement, and holders of the mining title must prove domicile in Cameroon. Likewise, it provides that the provisions of an agreement cannot derogate from the provisions of the Code, and the Code does not impose any restriction for foreign investments, which are treated in the same way as local investments except for the artisanal activity, which is reserved for Cameroonians. In addition to the Mining Code and uniform laws, mining taxation is governed by the General Tax Code, while issues of environmental and social impact are

governed by various laws . Despite these legal provisions, it is worth noting that within the mining sector of Cameroon, the concept of local content is relatively new. Thus, as far as the mining legislation is concerned, the issues of local content can only be tacitly inferred from them, which is perilous since even the express articulation and respect of local content is still seriously problematic. In this regard, to understand the scope of local content within the Cameroonian context, it is worth reiterating that in the economic perception, local content is akin to “local added value”. A position re-echoed in the Cameroonian Gas Code, which defines local content as "All the activities focused on local capacity development, the use of local human and material resources, technology transfer, the use of industrial companies and local services, and the creation of additional values measurable to the local economy". Although this seems to reconcile the different previous definitional approaches of local content, as it contains the various components of local content like the use of local labour force together with the capacity building by the company and its partners; the use of local industries, services and subcontracting; and the funding of local development projects. The crucial question is, to what extent can local content be covered and implemented in Cameroon? From this, it is worth reiterating that a viable analysis of local content can be done by using two approaches. With the first approach considering the local as the "community" where the company is located, and the second considering it as the "nation". However, the approach of local content adopted for this paper, is the one whose components focus on employment, training, capacity building, suppliers and subcontractors, participation of the company in social projects and local added value, in the national territory with a great focus on the immediate local communities where the impact is felt. Consequently, the *modus operandi* of local content requirements and obligations of mining companies in Cameroon can be assessed and analysed using two prime mechanisms. The first concerns the actors - who are involved in the day-to-day monitoring and implementation of the obligations. With the two main groups of actors that actually monitor the social obligations of mining companies being those in the public sector and the CSOs. On this based, the actors in the public sector are generally involved in the control of the mining projects, through the Ministry of Mines, Industry and Technological Development (MINMIDT), which works in close coordination with other administrative departments of its regional offices and other ministries in monitoring the local content obligations. Equally, several national and international CSOs are also committed to monitoring the social obligations of mining companies. In addition, the second mechanism, which is very vital, concerns the key legal framework in place, which outlines the social obligations of the mining companies. In this vein, it is worth considering the situation prior to 2016 and a priori 2016.

(A) The Spectrum of Local Content Before the Reforms in the Mining Sector

Before 2016, the Mining Code of 2001 as amended together with its text of application , and the 1992 Labour Code in Cameroon , had a great influence on the issues of the social obligations of mining companies. Indeed, Section 16 (1) of the 2001 Mining Code as amended is very crucial as it brings to lamplight the issue of local content, within the framework of any mining agreement signed between the government of Cameroon (GoC) and a mining company. As it explicitly provides that for the development and exploitation of a mineral discovery or its funding, a mining agreement is concluded between the holder of an exploration permit and the State. With such an agreement including provisions on obligations relating to employment, professional training and social achievements, relations with local suppliers and subcontractors, percentage of the minerals production to be used for local processing, and any other relevant subjects agreed upon between the parties. From this, it can be deduced that the agreements could include provisions on local content and any other matter that the parties to the agreement may find of interest. As such, having a close look at the above Section, it is observed that the requirements of local processing, source of employment and wealth creation at the local level, are paramount issues to be considered in any Agreement. This also involves the transfer of skills and capacity building and equally the production-marketing chain in which suppliers and subcontractors are involved in the process. Similarly, Sections 65 and 128 of the implementing Decree of the Mining Code , also contain provisions relating to the obligations of the mining companies in terms of local content. With Section 65 (2) providing that “The application for the award of an exploitation permit is addressed and compiled with MINMIDT before the expiration date of the exploration permit from which it is derived. The period, for which the exploitation permit is requested and accompanied by a feasibility study including notably: (f) a note on the socio-economic impact of the project, on local residents in particular; (k) proposals of the applicant on the recruitment and training of Cameroonians". Correspondingly, Section 128 provides more emphasis to the above provision by stating that “During the exploitation phase, the management plan describes the management of impacts due amongst others to the following: [...] eventually positive social impacts such as jobs, training opportunities and the provision of communications and infrastructure”. Thus, from these provisions, it is observed that both the Mining Code as amended and its Implementing Decree have tacitly illuminated in some way, the notion of local content in the Cameroonian context. However, it is important to note that despite these initiatives, the concept of local content was still embryonic and lagging in terms of its integration and implementation in enhancing the socio-cultural welfare of the affected people in Cameroon.

Explicitly, the exploitation of natural resources in Cameroon continues to confirm the mineral potential of the country. Despite this, it is worth noting that mining in Cameroon is a potential source of revenue. As such, for the national economy, it is seen as a factor of growth while for the local economies of the mining sites, it is an opportunity for a development boom like the construction of social infrastructure, consultation with local communities and the practice of local content. However, these economic forecasts do not refute the many environmental impacts of which mining is a source like the destruction of forest ecosystems, the contamination of the soil, water and air, the destruction of biodiversity, noise pollution, etc. From this perspective, it is worth analysing the trends of local content in the Yokadouma community - where the Cameroon and Korea Mining Incorporation (C&K Mining Inc.) has been granted permit No. 36 for the exploitation of the Mobilong Diamond. Indeed, a crucial evaluation of the impacts of the project on the local communities, showed that from the Mining Agreement signed between the GoC and the Korea Mining company in 2010, the fiscal provisions largely favour the company with some related benefits to the local communities, with many tax exemptions granted to the company in line with Section 24 of the Mining Agreement. Besides, in addition to the tax obligations of the company as per Section 89 of the Mining Code as amended and Section 144 of its implementing decree, contain provisions on the compensation of the local population for the impacts of the mining project, with the right to taxes, proportionately to the value of the products extracted respectively. These include an Ad Valorem tax of 8% in the case of diamonds. Similarly, Section 137 of the implementing decree also provides that the local communities and municipalities are entitled to 10% and 15% respectively of the tax. Despite these, the great issue lies in the implementation of these tax provisions. Indeed, deductions and observations made within the seven villages along the mine and the town of Yokadouma, revealed that no payment has been received by them. Likewise, although the obligations relating to the Kimberley Process were met, transfers at the local level have not yet been made. However, it is realised that the main cause of the non-transferability of the mining royalties to the local communities - is due to the non-existence of a Joint Order, signed between MINMIDT and MINFI, as provided for in Section 137 (2) of the Implementing Decree of the Mining Code. As such, with regards to the legal provisions and the brief analysis of the obligations of C&K Mining Inc. to the local communities, it is observed that Yokadouma is still to benefit from the tax benefits, social infrastructure development, local content and community consultation from the Mobilong diamond project - as enshrined in the Decree granting the Mobilong exploitation mining permit .

In this regard, it is important to note that the notion of local content is tacitly embedded in the

provisions of the Mining Code as amended and its Implementing Decree, the Mining Agreement signed between the GoC and the Korea Mining company, and the Environmental and Social Management Plan (ESMP) of the company, contained in its 2010 Environmental Action Plan. From these, the provisions of Sections 7, 8, 15(8) and 18(2) of the Mining Agreement are very instrumental because they addressed the issues relating to local content. With Section 7 providing that "C&K Mining Inc., its affiliates and subcontractors will use as much as possible the services and raw materials from local sources as well as products manufactured in Cameroon as far as these services, raw materials and products will be available at competitive conditions in terms of price, quality, warranties and delivery dates". As such, in relation to the subcontractors and affiliates of C&K Mining Inc., it is realised that the issue of local content is optional on grounds of trade liberalisation and free competition. Likewise, Section 8 on its part brought out some provisions relating to the use of national and local staff, intending to promote and protect the national labour throughout the exploitation project; by stating that during the term of the agreement, C&K Mining Inc., should commit to employing in priority local staff, thus, ensuring they have access to all jobs relating to their professional qualifications. In addition, C&K Mining Inc. was to implement in consultation with the competent authorities of the State, a training plan and system of promotion of the staff; respect the laws and regulations of labour in force, particularly in terms of hygiene, safety and health at work, social security and overtime working practices; progressively promote the replacement of expatriate qualified personnel by local staff who have completed the same training and acquired the same experience during employment; practice non-discrimination of any kind - be it based on race, nationality, gender or sex". However, despite these, a critical review of the implementation of the provisions clearly shows that, despite the strong desire to promote the replacement of expatriate staff as enshrined in the provision, it is realised that the performance of such initiatives is very difficult to assess. That is, even if substitutions are made, the issues on the number of initial national and local labour workforce, the replacement rate and the frequency of replacement remain uncertain. As such, it is clear that there are some debilities and lapses to enhance the protection of the national and local workforce. Besides, it is envisaged that to remedy the situation, there is a need to put in place a well-coordinated and integrated mechanism, to monitor the various components of mineral exploitation in Cameroon in line with international standards.

Correspondingly, Section 15(8) of the Mining Agreement, in corroboration with the provisions of Section 16 of the Mining Code as amended provides that "C&K Mining Inc. will process 15% of the production of diamond extracted in Cameroon; with the processing to start from the

first year of its conglomerate production”. From these, it is observed that the GoC has made tacitly consented efforts for the local communities to benefit from the fallout in terms of employment, training, local processing, subcontractors, local affiliates, and local added value, from the exploitation of diamond and related substances in Mobilong. Conversely, the actors also have the obligation, as per Section 18(2) of the Agreement to be committed not to undertake towards C&K Mining Inc, its affiliates and subcontractors as well as their staff, any action on labour or social law that could be considered discriminatory against those that would be imposed on companies engaged in similar activities in Cameroon. In this way, the State, therefore, affirms the guarantee that the staff will not be subjected to any form of discrimination. Similarly, Section 7 of the Exploitation Permit of C&K Mining Inc. provides that during the validity of the exploitation permit, the company shall make social, sporting, educational and health infrastructures available to the local residents to support their development, thus, enhancing the local content obligations of C&K Mining Inc. to develop local social infrastructures.

Furthermore, elements of local content can tacitly be spotted in reading the identified impacts and methods of their internalisation in the ESMP – since such initiatives like job creation and access to training opportunities are impacted by direct interaction. However, it is observed that except for the local processing (15%), no other obligation has indicators. Consequently, it is very difficult to assess the effectiveness of such local content without indicators. Besides, although the monitoring mechanisms in terms of employment, vocational training and subcontracting can be set up, it is observed that if the base data is not significant, the result too will not be reliable. For instance, if the obligations relating to employment, vocational training and social achievements, do not indicate the threshold of local and/or national labour granted in proportion to the total workforce employed by the company, then, it will be very difficult to ascertain the effectiveness of local content in this context. In this light, the specific provisions on local content enshrined in the Gas Code of 2012 can inspire the further amendment of the Mining Code to provide in detail the indicators on the share of community goods and services in mining projects the Mining 2001 Code and its Implementation Decree provide only some general tacit provisions regarding local content, although the Mining Agreement is slightly more precise about it. Therefore, it is observed that in the absence of a viable local content framework, local content initiatives in Cameroon will be highly dependent on the various Agreements signed between the GoC and the mining companies. Since the assessment and monitoring of the local content practices of mining companies in Cameroon, is highly reliable on the human resource policy and corporate social responsibility (CSR) programmes and activities of the various companies. As there is no viable legal and institutional framework in

the country in terms of local content or CSR, thus, a need for reforms to enhance the sustainability of the extractive industries.

(B) The Emerging Trends local content After the Reforms in the Mining Sector

Given the debilities experience with the Mining Code of 2001, there were major reforms at the end of 2016 with the release of Law No. 2016/01 of 14 December 2016 on the new Mining Code which entered into force in 2017, although the implementing decree is yet to be published. This new Code aims to fill the lacunae of the previous one - and encourage and promote investments in the mining sector for a better contribution to the economic and social development of Cameroon. Significantly, the main reforms brought about by the new Code include the recognition of EITI as an important element of governance in the mining sector, thus, obliging permit holders to comply with EITI and its principles of transparency. Likewise, it recognises the right of access to geological and mining information and has introduced a conflict of interest measures, which prohibit the exercise of mining activity by civil servants in the government administration and the personnel of government agencies under the supervision of the Ministry of Mines. As such, introducing the first legal framework relating to the communication of information on "beneficial ownership", with mining companies obliged to communicate all persons holding 5% or more of shares or voting rights. Equally, it also made it obligatory for the publication of acts of allotment, extension, renewal, transfer, withdrawal or relinquishment of an operating permit in the official journal and newspapers; and the adoption of a standard template of mining agreement in compliance with the new Mining Code. Similarly, it has introduced a more favourable tax system by lowering the rate of the ad valorem tax on mining products fixed at 8% for precious stones and 5% for precious metals (Gold), instead of 20% and 15% foreseen in the 2015 Finance Law; and has provided clear taxation for transactions on mining permits. With the introduction of the "arm's length" principle for the evaluation of expenditure and transactions on mining permits and the obligation to audit expenditure/transactions in the event of the sale of mining permits.

Most importantly, it has created several funds and included "local content" obligations in mining agreements. With Section 4 of the Mining Code of 2016, briefly considering local content as all activities geared towards local capacity building, use of local human and material resources, technology transfer, sub-contracting local businesses, services and products and creation of measurable value added for the local economy. From this, Section 64 of the Mining Code reiterates that the development of mining resources and industrial quarries must include a local content component, which shall specify the spin-offs of the selected mining and quarry projects on the economic, social, cultural, industrial and technological development of

Cameroon. In this light, Section 165(1) of the Code states that local content shall include a human resources development component and a domestic industries and business development component - with both components detailed in the standard mining agreement. Moreover, as per Section 165(2) local content include, in particular the types of jobs or trades required as part of the developed projects; the detailed mechanisms for transfer of technology and skills to nationals in order to increase their vocational skills in the required trades; a recruitment plan highlighting the proportions reserved for nationals by professional category; a technical and vocational training programme for Cameroon nationals in order to improve their skills in the mining trade; a programme on the working conditions, the protection of workers against emerging risks and social security; a programme and terms for subcontracting primarily to local SMEs having the requisite capacity to provide goods, products, tools, materials, equipment, and services; a programme for the social development of the neighbouring population, and where necessary, the indigenous populations in the vicinity of mining and quarry activities; and conditions for a periodic assessment of the capacity of local enterprises likely to contribute to the construction, operation and maintenance of the facilities required for the earmarked mining activities and, where necessary, a development and upgrading plan for those in need thereof.

Consequently, with regard to the implementation of the activities referred to in Section 165 aforementioned, Section 166(1) provides that the mining companies that had signed a mining agreement, or other specifications documents, shall be required to pay a contribution to a special local capacity building fund, with effect from a date and up to an amount fixed in the mining agreement. With Section 166(2) emphasizing that the contributions referred to in Section 166(1) above shall be for the development of local human resources, particularly by upgrading, adapting or creating local training institutions for mining professionals; the development and upgrading of home-based companies likely to be involved in the mining sector, as service providers, subcontractors or mining companies; social programmes and projects for the promotion of indigenous and local populations in the vicinity of mining sites; programmes and projects to fight against the worst forms of child labour in the mines; the programme for maternity protection in mines; monitoring the compliance of mining companies with their commitments towards local content. While Section 166(3) provides that the amount of the contribution aforementioned, in CFA francs, shall be between 0.5% and 1% of the total turnover of the mining company exclusive of taxes, with the adopted rate to be fixed during negotiations of the mining agreement between the parties. Nonetheless, Section 166(4) provides that the conditions for the collection and management of such contributions shall be laid down by

regulation. From this, the paper proffers for the establishment of a “National Local Content Agency”, which shall utilise the “Impact and Benefit Agreement” mechanisms, to discharge such prerogatives, thus, enhancing sustainability.

In addition, Section 167(1) of the 2016 Mining Code further provides that mining companies shall give priority to the recruitment of Cameroonians in the majority, with the required skills, per the existing regulations in matters relating to employment and labour. This is corroborated by Section 167(2), which emphasizes that 90% of the positions that do not require special skills be reserved for Cameroonians. As such, Section 168(1) reiterates that the mining companies and their subcontractors are required to give preference to companies governed by Cameroonian Law that meet international standards in the area, for construction contracts as well as contracts to provide services, materials, equipment, and products relating to the mining operations, in accordance with existing regulations which specify quotas for subcontracting to local companies. With the minister in charge of mines or any other duly authorised body empowered with the responsibility to monitor and implement the provisions of Section 168(1). Nevertheless, since the terms and conditions for the monitoring and implementation are to be laid down by regulation, this paper reiterates that a National Local Agency should be established to handle all matters relating to the monitoring and implementation of the local content agenda in the extractive industries. Notwithstanding, it is worth noting that mining companies are required to submit to the State and to carry out, depending on their priorities, technology and know-how transfer - programmes relating to their activities, with a view to encourage, facilitate, and enable the gradual replacement of the expatriate staff of the companies with local staff as provided in Section 169 of the 2016 Mining Code. Moreover, the international governance initiatives ratified by Cameroon can also provide a great impetus to local development if the mining companies can respect and observe their provisions in their socio-economic obligations to the local communities. As such, there is an urgent need for greater transparency on the payments and receipts of sub-national revenues in the Extractive Industries Transparency Initiative (EITI) reports and the inclusion of payments for subcontractors and affiliates companies; greater involvement of the local population in monitoring the operations within the Kimberley Process and other sustainable legislation and regulations; and greater communication, real supervision by public authorities, CSOs and the local population, to avoid "sirens of the resource curse" phenomenon. Since the willingness of the GoC to make mining a reality in the short term, in view of becoming an emerging country by 2035 does not necessarily match up with local realities or the human, technical and technological national resources. As such, it needs to take more precautions in terms of policy design and

implementation, to ameliorate the challenges of local content that the mining sector is currently facing.

(C) The Challenges for Local Content in the Mining Sector in Cameroon

After brainstorming on the periscopic view of local content in Cameroon, it is worth considering the range of challenges that the various stakeholders are facing in terms of development, monitoring, and implementation of the local content agenda, which in many cases affects the economic development of Cameroon as a whole, especially the mining sector. Thus, identifying these challenges form the pinnacle to ignite any broader legal reforms across the Cameroonian economy, leading to the development of a viable local content framework in the mining sector. Such initiatives if effectively carry out can save faces, especially between the communities and local businesses, which shared the same challenges due to the expectations of the communities around the mines. Although the categories of the challenges overlap, it is appropriate to discuss them separately to enhance clarity.

- a. **Communities issues:** The challenges often faced by the communities include: a lack of understanding as to the requirements of a mining company leading to unrealistic expectations; capacity of the local communities to supply goods and services sustainably in the required quantities at a consistent quality; and the tendency of the local SMEs to have access to affordable funding. Indeed, it is worth noting that such challenges can lead to conflict if the mining companies do not take pre-emptive action to share any benefits across the society, according to the perception and expectations of the communities. Since the indigenous people are very sensitive and protective of what they perceive as opportunities at their mines - which makes it even more challenging to bring people or companies in from other regions of the country to work in the mines. This is because when a mining company begins to operate in a region, the first thoughts amongst the members of the community relate to local employment and local procurement. In this sense, although local employment is very straightforward as there are always defined criteria for qualifications and experience, which are transparent and understandable; the real issue is with local procurement. Since the mining companies may require a certain quantity of goods and services that may not be available on the local market. Besides, what is available in the local market may not be in sufficient quantities and required quality, or is sustainably deliverable without interruptions. Moreover, it is noted that these issues develop because the communities in Cameroon often feel a great sense of ownership of the mine. Thus, it is essential to develop and adopt a cluster

approach, whereby the needs and interactions of the project community and others can be handled, to enhance sustainability.

- b. Local SMEs quests: On top of the high-interest rates, it is observed that collateral is another major issue facing SMEs when applying for credit. As such, as many small borrowers cannot place collateral, there is no ability apart from informal loans from friends or relatives to start a business. In spite of this, one solution to overcome such a challenge of access to finance is the formation of credit guarantee schemes. Which are guarantees provided on loans to borrowers to cover the costs related to defaults, thus, replacing or reducing the need for collateral. Moreover, another challenging issue is human resources considerations in terms of the local content agenda, as local employment is a key expectation of the communities when a mine begins operations, which great attention must be given to reduce any potential conflict between the community and the mine. This can be seen during the exploration phase when employment opportunities are greatly limited. Since local people are mostly hired to undertake unskilled positions, which can result in conflict if not provided with more skilled positions as well. As such, the mining company should always adopt a strategic sector-wide approach that would possibly include the development of occupational standards and competency profiles for exploration-related jobs. Since such a participatory approach to skills training, would allow for the development of updated standards packages that could be approved by the Ministries in charge of Education, to be delivered through various training institutions across the country. Thus, as a national strategic programme, they need to be driven at the national level rather than by the exploration companies, with the participation of all stakeholders. Equally, relating to local content is the challenge whereby business skills are also lacking, especially in rural communities where the local people may not have a full understanding of the requirements of the mining companies. In such a situation, the GoC can ameliorate the situation by adopting enabling local content frameworks that will oblige the mining companies to play a role in supporting such training programmes for the local communities around business training. Which can be best delivered via partnership organisations having the specific skills and necessary experience.

In addition, there is the issue of preventing competition between the mining companies and the larger established businesses. As such, in the context of local content, there is a need to form a close relationship between the mining company and the businesses in the host community. This

can be achieved by enabling the mining company to share its long-term strategic - and often confidential - commercial information, something that is not always a realistic expectation. Besides, in terms of supporting the strategic approach to local content development, the mine must communicate to the local suppliers and communities what goods and services it will require that could be produced locally. Despite this, there is a challenge that many mining companies can announce tenders on their websites or through other means, but these systems may not favour local providers as some of the requirements may be challenging for the local companies. Likewise, it is observed that although state-owned enterprises follow strict national procurement regulations, with transparent and beneficial tenets, such process can be eroded by corruption in state purchases, which has a negative impact on local purchases. This is because no consideration can be made relating to a preference for local suppliers. In addition, the system requires the submission of documents in a strict format, with any errors resulting in disqualification. Thus, it is worth noting that if care is not taken, such a system will be detrimental or inaccessible to local SMEs, as it favours the larger and more sophisticated suppliers who can monitor the website and have experience in applying for government tenders.

- c. Mining companies' challenges: Currently, it is observed that mining companies have little incentive in Cameroon to purchase locally, apart from a community relations perspective. Although they envisage the license to operate and better community relations as the prime business drivers for increased local procurement, these companies often face large challenges when attempting to implement such programmes. As such, the companies are faced with a very difficult situation in terms of local content as no matter what they do, they are still open to criticism. Since simply doing nothing in terms of local purchases leaves the community dissatisfied, and if they attempt to purchase locally, it often does not meet the expectations of the communities. As such, it is worth noting that companies now understand that investment is needed for local business, although this can also open the door to criticism that one group or business is being favoured over others. Besides, there is a challenge if the community complains about some environmental issues relating to the activities of the company. This might lead to the usage of a prosecutor or other official organs to pressurise the company to switch suppliers; especially when the investigations are driven by its business competitors, or community "activists" to complain about a supplier to drive them out in favour of another supplier. Other challenges that the mining companies are open to face are the ability of the local resellers to provide warranties or other value-added services, which are received

mainly from the manufacturer or official representatives like maintenance, as such, dependence on one mine means if orders drop then the supplier will face financial difficulties. There are also the requirements for pre-payments to the local suppliers to enable them to buy raw materials. Thus, if such issues are not handled carefully, they might ignite the community activists to use local procurement as a way to pressure the mining companies for other demands, especially if they are solely depending on the mine.

- d. Development funds: Although these have been clearly enshrined in the Cameroonian mining legislation, with the intention to bring developmental benefits to mining-affected communities. It is observed that though such funds operate independently of the mining company, they could bring additional benefits if the activities of the funds were aligned to support the development that is needed by the mining companies to increase local content, which would help to support the longer term development goals of the region itself. Despite this, the current challenges with the development fund system include a lack of long-term development strategies for the regions and local councils, which means that the funds tend to focus on highly visible projects that do not necessarily bring development benefits, for example, roof repairs, construction of sports halls, schools or community centres, road repairs etc. Indeed, it is worth highlighting that while these items are undoubtedly needed, the long-term benefits of such items are really questionable. As it is realised that the funds are controlled locally by the local town or regional officials, meaning the local or community investments may not be considered. Since larger enterprises that could bring higher socio-economic benefits generally require long-term substantial investments that such a local approach cannot support. In addition, there is no possibility to fund “projects” that comprise capacity building or training that would potentially add value when considering the development of the industry or agriculture. From these, it is noted that the challenges facing local content require significant investments, although it is unreasonable for the mining companies to do more than the minimum required without additional benefits. In this sense, the development funds are ideally placed to support those areas where more investment is needed to support skills development and equipment purchases.

(D) The Catalytic Impact of International Precepts to the Plight of Cameroon

Succinctly, as aforementioned, local content is very significant in the global sustainability agenda for the extractive industries, especially in the mining sector – whereby mining

companies understand its importance from a “social license to operate” perspective, as they appreciate the financial benefits that such a programme brings. As such, there is a wealth of global experiences like guidelines and toolkits that Cameroon can draw from, to enhance its mining sustainability that fits the specific situation of the country, economically and socially, to bring the most benefits. This is because some guidelines and toolkits provide a wealth of information that will avoid having to “reinvent the wheel” when it comes to local content development. Consequently, whilst it can be beneficial to have such a diverse set of reference material, it is also vital, through a multi-stakeholder collaborative approach, to decide on a system for Cameroon that will be transparent and avoid confusion. In this regard, the three toolkits providing excellent guidance and tools for both the companies and governments, from which Cameroon can gain inspiration, are the IFC , IPIECA , and the International Council on Mining and Metals (ICMM) . While for communities, it is essential to have a systematic approach that will aid in negotiations and for the mining company to understand the community expectations. Since most communities come to negotiations from a position of weakness as it might be their first encounter with an investor and will not understand the approach to take. This approach is also appropriate to avoid any complications from demands being changed or different groups within the community attempting to gain benefits that may be more personal, as opposed to community focused. Therefore, as part of building a professional partnership with the company, the communities need to gain skills in a wide range of socio-economic topics. Thus, Cameroon must endeavour to adopt the “Impact Benefit Agreement Community Toolkit” - a set of guidelines developed in Canada , which has generally been applied in many developed and developing countries.

Correspondingly, for Cameroon, understanding the current level of local procurement might be critical as part of the strategy development and implementation for its local content framework, for without knowing the current level of local procurement and locally produced goods, it will be impossible to set targets and goals for future increases. Despite this, reporting will also allow companies to receive reputational benefits from their efforts, as well as allow them to track progress over time and understand what has been effective and what has not worked to increase local production. As such, to ensure sustainability and accountability, Cameroon needs to learn from the “Mining Shared Value” (MSV) - an NGO, which have created a measurement and reporting standard for local procurement in the mining sector. This is because, since 2014, MSV has been producing a report that examines how mining companies report on their local procurement. Besides, through engagement, MSV has also developed a standard that will allow mining companies to accurately report on their local procurement and the impacts of this.

However, although other reporting guidelines or standards exist, it is worth noting that this guideline is the only one that is focused solely on the mining sector, and is designed to work with other existing standards like the Global Reporting Initiative (GRI) and the EITI.

Notwithstanding, Cameroon can draw lessons from some countries that have taken a legislative approach to local content in both the mining and oil & gas sectors, which share many of the same challenges and opportunities. In this light, the World Bank has completed a review of the various trends that governments must implement to legislate or encourage local procurement/production. As such, Cameroon can gain experiences from Indonesia, Russia, South Africa, and Zimbabwe, as they have legislation that regulates some elements of domestic procurement for goods or services relating to mining; while South Africa, Indonesia, and the Philippines, in addition to the requirement of domestic procurement, also included items that have socio-economic impacts and benefits for the local communities. Equally, as a member of the WTO, Cameroon has to follow the guidelines under the national treatment principle, which provides that imported and locally produced goods should be treated equally, at least after they have entered the local market. Despite this, other requirements give preference to locals without specifying targets, as driven by the World Trade Agreement requirements, which do not prescribe a certain level of local spending, but encourage consideration by companies. Moreover, the requirements to build local enterprise, which may be done on a project-by-project basis that will be part of the licensing mining agreement, to include skills development in addition to setting up actual businesses. Also, government-led initiatives with voluntary industry participation can be done on a regional or national level, by supporting infrastructure like websites that can act as a bridge between the companies and local businesses. From these, it is noted that although Cameroon has enshrined some of these provisions of local content in its mining code, it still has to learn from the international experiences, to adopt a sustainable local content framework that embodies a viable institution like the national agency for local content to regulate, implement and monitor the extractive industries. This is because local content programmes target groups that have been deemed “traditionally disadvantaged” such as aboriginals, the developed nations use such programmes to provide opportunities that they may not otherwise receive. Since in such countries, “local content” is “business as usual”, as such the focus is shifted to the groups that may not have access to the companies or were previously disadvantaged. Correspondingly, it is worth noting that such an approach will be beneficial in Cameroon, by focusing potentially on the women and youth, who face barriers to starting businesses, and in the cases of single-parent households, who have limited employment opportunities elsewhere.

In a nutshell, although the corruption rank of Cameroon decreased to 149 in 2020 from 153 in 2019 in the scoring of 168 countries in the Transparency International Corruption Perception Index, corruption is still a risk if proper controls are not in place to safeguard the mining company. Apart from the Cameroonian anti-corruption legislation put in place to curb bribery and corruption, a wide range of foreign legislation relating to bribery of public officials applies to the mining companies operating in Cameroon. These include the US Foreign Corrupt Practices Act (FCPA), the Canadian Corruption of Foreign Public Officials Act (CFPOA), the UK Bribery Act, etc., which forbid the bribing of private individuals in addition to public officials. As such, any companies accepting or taking bribes as part of local purchasing would be at risk of infractions if this law applies to them. In addition, many international companies have in place a code of conduct or equivalent policy, shifting a greater proportion of purchasing to local suppliers, and requiring a level of supplier due diligence and screening that will require additional resources and procedures to manage. Indeed, the potential risk of corruption could be great, if companies do not spend the time and resources to properly screen ownership of these companies, or if they are feeling pressured to meet certain local spending targets. Similarly, a recent report from the OECD lists several mechanisms by which corrupt activities can occur through both procurement and social spending and provides examples of controls that can be used to reduce corruption risks. Consequently, for the GoC to achieve its willingness to make mining a reality in the short term, in view of becoming an emerging country by 2035, it has to adopt such measures to curb bribery and corruption. It also needs to do away with policies that do not necessarily match up with local realities or the human, technical and technological national resources; by learning from some international best practices to take appropriate measures to design and implement a viable local content framework in Cameroon.

IV. CONCLUSION

Although the process of resource extraction is capital-intensive, the extractive industries can create opportunities for decent work in developing and developed countries alike. Despite this, the business model of extraction companies can disrupt ecologies and peoples, particularly in the immediate-impact areas of extraction. Even though the potential social and economic benefits of extraction activities continue to appeal to both the host governments and communities. As a result, the “decision to extract” is often vexed and hotly contested, involving profound trade-offs across capitals, actors, scales and time horizons. Among these trade-offs, the promise of local employment is almost universally held up by politicians, extraction companies and the communities, as the major reason to approve such extraction projects. As such, when an extractive company arrives in an area, the promise of local employment is central

to public debate in developing and developed countries alike. Since for local communities, decent mining company jobs that are safe, stable and fairly compensated, allow employees and their families to plan ahead to improve livelihoods and financial security. With the local employment in the extraction sector supporting the government national priorities and political promises for job creation, human capital development, and inclusive economic growth. While for the mining company, employing local people drives cost efficiencies and helps in the ongoing process of gaining and maintaining a social licence to operate. Consequently, recognising these opportunities for social and economic development, governments often use a wide range of policies and strategies to promote local content in the extractive sector.

In this connection, this paper has reviewed such policies and strategies as part of a broader set of inputs on enhancing local content in the mining sector. Since the policies and strategies of governments often target the promotion of local employment and procurement in the mining sector, to achieve and respond to national priorities and political pressures for job creation from constituents, gain and maintain a “social licence to operate” for mining projects, grow and develop the skills of the national labour force, support efforts to progress gender equality and social inclusion, minimise project costs through localising labour to maximise the profit and fiscal revenues of the companies. Despite these, it is noted that there is no “one-size-fits-all” approach to promoting local content in the mining sector. Since the policy settings and strategies must be context-specific, reflecting the particular needs and capacities of the host country at a given stage of development. Accordingly, a government wishing to adopt a local content framework in its mining sector, needs to conduct an assessment of the role of the mining sector in its national development strategies. Since such assessment can then be followed by a realistic evaluation of the capacity of the domestic labour force to meet the human capital requirements of the mining sector, thus, prompting effective monitoring and evaluation mechanisms of the local content. Likewise, under certain conditions, local content frameworks can play a pivotal role in setting the structural framework for in-country value retention in the mining sector. As most resource-rich countries have adopted local content provisions as part of their resource governance framework. The two main approaches used by host countries to enhance local content are - the regulatory approaches, which typically result in mandatory policies that rely on strong compliance mechanisms with the prospect of financial sanctions or loss of licences; and the facilitative approaches, which typically result in incentive-based policies that offer support and incentives for the development and employment of local workers. Besides, such local content frameworks are particularly attractive for developing countries, who, by entering the global extractives market, are seeking to align extractive activity with national priorities to

drive broad-based socio-economic transformation.

Notwithstanding this, it is noted that companies in Cameroon often take differing approaches to local content within the mining sector due to the wide range of expectations of the various stakeholders. With such activities generally not formalised but are more reactive rather than proactive. Since the companies are looking at local content within their limited geographical territory, there is little cooperation in sharing knowledge or experience. As such, the current approach is based on a range of actors working voluntarily and independently - meaning that the benefits that are highly localised can vary under differing economic situations, which are generally not sustainable nor will bring lasting benefits beyond the life of the mine. Therefore, the local content agenda in Cameroon can be enhanced by using an inclusive and collaborative approach that is based on a clearly communicated strategy that involves all the stakeholders including the mining companies, government, communities, and businesses. With an initial round table to create a forum where the stakeholders can discuss the issues openly and form a consensus as to the way forward. Besides, it is important to broaden the stakeholder group to include those working in ancillary areas like education, organisations supporting SMEs development, and other government departments like agriculture. Likewise, funding is a crucial issue that needs to be kept in mind, as any broad-based programme will require funding, either from new sources or diversion from existing programmes - unless synergies can be made between existing initiatives.

In this regard, it follows that since mining is considered one of the emerging wings of the Cameroonian economy, the opening of a mine in a community; often ignites immediate expectations from the GoC and community of potential benefits like employment opportunities and the possibility to supply goods and services to the mine. As such, although the current reforms in the mining sector have introduced some vital local content provisions to benefit the stakeholders, including the government, communities and mining companies, a more collaborative strategic approach to the local content agenda is still required. So as to tackle the many existing challenges in the sector linked to the quality and quotas of the workforce required, and the nature of goods and services available or produced in Cameroon. Since it is difficult to assess compliance or not of the local content requirements due to the absence of a viable legal and institutional framework in the sector. This is coupled with the fact that the mining companies are taking advantage of the debilitating situation of the lapses of the legal framework, especially the poor alignment of the institutional frameworks, and the ineffective monitoring and implementation mechanisms of the current local content provisions in the Mining Code and contractual agreements the need sustainable reforms.

V. RECOMMENDATIONS

Succinctly, the paper has put forth some recommendations to whistle and advocate for a viable local content framework and sustainable national agency of local content in Cameroon, which effectively ameliorates the debilitating legal and operational regime. Indeed, the recommendations as they stand can be taken up by the stakeholders individually, but to achieve the full potential of local content development, a more collaborative and strategic approach is warranted. Since such an approach will act as a catalyst to inspire a sense of integrity between the stakeholders to be more committed and devoted to holding a forum, whereby they can debate and discuss the issues, challenges and opportunities from their point of view, with the view to arrive at a collective decision as to how best to proceed in a strategic and industry-wide manner. Thus, the following recommendations provide a strong foundation for the development of a viable local content framework in the mining sector in Cameroon.

Significantly, there is a need to develop and approve a comprehensive strategy for local content in the mining sector of Cameroon, by taking into consideration the current level of local procurement, and growth potential, while proceeding with a multi-stakeholder approach. Since the companies are already approaching local content in one form or another although in varying degrees of success; as their activities are not coordinated, but often reactive in approach, focusing on quick wins at the detriment of the expecting local communities. As such, there is a need to develop a robust strategy that is focused on the longer term as opposed to quick fixes; by thoroughly assessing the current capacity and road map to develop a set of targets, goals and assign responsibilities; and ensure that all the stakeholders are engaged and aligned to working towards achieving a common goal at the end. Thus, although a short-term strategic approach may help to have something to communicate, especially to local communities - who are often looking for short-term results. A long-term strategic approach is very beneficial to all the stakeholders - since it will have a greater impact, be more sustainable, and last beyond the life of a single mine. Thereby strengthening SMEs, economic diversification, reducing dependency on one mine, but using mining as a catalyst for positive economic development.

Institutionally, there is a need to establish a viable national agency that would be under the appropriate governance structure that would administer the local content programmes and provide several services to the various stakeholders. Since the ability to take a national strategic view would remove much of the burden from the individual companies, and in fact would work closely with other government departments and ministries to coordinate all the activities related to the extractive industries. Although generally, the funding for such a national agency comes

from the government or international organisations, however, it is viable and sustainable for the agency to develop a self-funding model for the long term. Since given the financial and other benefits expected from the strategic approach to local content development, this should be seen as an investment, rather than a cost, because the activities of such a national agency will include: Developing and implementing the strategic approach to local content development in the context of the extractive industries and the alignment with the national mining strategy of Cameroon; coordinating with government branches on matters related to the local content agenda to ensure coordinated activities and support the development of legislation that would encourage or ease local content development; conducting community baseline assessments that includes business mapping, workforce availability/capacity and potentially identify opportunities for early cooperation – as the baseline assessment will show where gaps are and allow for the development of a development plan; acting as a point of contact for all stakeholders and engage regularly to ensure the agency and programme are meetings the needs of the stakeholders; developing a training programme to be delivered either through the current activities of the Ministries of Education, new programmes or through private training agencies or international organisations; developing and providing training programmes for local communities to assist in negotiating and working with the mining companies; developing a supplier screening and accreditation programme that would act as a database for the mining companies to seek local content; providing support for SMEs in terms of quality, environmental, health and safety, food and other management systems; conducting regular capacity mapping and needs assessments through studies or coordination with other ministries involved in the process; coordinating with the Investment Promotion Agency to fill the gaps and work with the strategic investors to promote the mining supply chain; and working with the local communities to demonstrate the benefits from local content to encourage further investment and acceptance of mining in Cameroon.

In this connection, there is a need to restructure and amend the legislation relating to the Regional Development Funds in Cameroon, to allow for funding of national, regional and local activities, such as those to be covered under the national agency of local content, to allow the mining sector to fund the development of local content sustainably and strategically. As such, the development of such funds could include: Considering using a portion of the development fund income to fund the national/centralised agency that would support the strategic development of local content nation-wide; basing a portion of the funding on long term development strategies aligned to the needs of the mining sector and development of local content, as opposed to annual plans; considering long-term funding through an annuity that

would preserve some of the fund until after the mine closes to bring longer term development support beyond the life of mine; applying the local content guidelines to the fund - this will bring more impact if the fund itself spends its money locally where possible; funding development programmes that build capacity, resulting in longer term and sustainable benefits; focusing on income generating and livelihood projects that will allow the community to earn incomes and thus increase the tax base; improving reporting and transparency of the funds so that the community understands the strategy and the longer term benefits such an approach brings; and reporting year on year and adjust as needed to maximise benefits.

In addition, in order to have a sound and sustainable local content framework in the extractive industries, which is very vital for the economic development of Cameroon, the GoC needs to continue the legal reforms of the mining sector and link with the Ministry of Economy's industrial development strategy and the strategy for agricultural development; include a detailed section on the strategy for development of local content into the long term mining strategic plan for Cameroon and ensure alignment with all government stakeholders to support the strategy; define "local content" in a Cameroonian context that will be realistic and support the economic development agenda; develop a strategy and national plan on local content that is linked to industrial development, the education system and capacity building, and form an agency at a suitably visible place in the government structure to support all the stakeholders; develop and support reforms to development funds to support the growth of SME at the local level to bring greater long-term benefits to the mining affected communities. More importantly, the GoC needs to consider enshrining the terminology and application of "Impact Benefit Agreement" in its mining legislation or an eventual local content legislation, to align with global practices to stress the positive impacts as opposed to a social development role; consider the incentives that would encourage local content development that avoids just setting up resale agents to meet local purchase targets but with little benefit and amendments to the State procurement laws to align with the local content framework; consider to update the reporting needs and adopt a standardised approach for companies to track and monitor local procurement, as well as allow for setting robust targets. Moreover, the GoC should always include in its iteration of the "National Strategy for Sustainable Development Agenda" the issue of local content development and the chosen strategy; consider the inclusion into the Sector Council for the mining sector occupations of work-stream on semi-skilled and skilled exploration positions; take steps to reflect the needs of all types of mining, including other commodities and small-scale mining as well in the local content agenda; and ensure the investment climate is positive to allow for increased foreign investment into Cameroon, to support the growth of the mining

sector. Furthermore, the GoC needs to support a detailed study of the Cameroonian economy, which will detail the potential of the current purchases, thus, working with the Ministry of the Economy, to align the growth strategy with the needs of the mining industry. Likewise, it should support a detailed survey programme of companies using the EWB reporting guidelines to understand the current status; align activities to support the growth of local procurement whether it be training entertainers or small businessmen, capacity building within the government institutions, legislative reform support, etc.; and consider supporting a coordinating body such as a national forum. Also, it is very paramount for the GoC to engage with other local and international organisations and governments, to support a broad-based and cross-sector approach to local content development in Cameroon. Since for organisations with similar programmes and aims, this would allow for the alignment of programmes, while for those with programmes or aims that are working in parallel, such as in education, it would ensure that external programmes can be aligned as much as possible.

In a nutshell, on the part of the companies, they need to develop a local procurement strategy in line with the Cameroonian mining regulations and international best practices, communicate it to the stakeholders, devote adequate resources and build internal capacity to support the local content programme based on the strategy; understand what is available for purchase in the local marketplace through a community baseline study, by conducting an internal assessment as to what goods and services are required by the mine and map this against the baseline study; develop a platform for dialogue with local communities that will allow for transparent and commercially viable local content. By the same token, the companies need to form partnerships for the development agenda of the suppliers and producers locally, with NGOs and other organisations that have the skills and experience to implement such programmes, which could then be linked into wider development initiatives; consider Public-Private Partnerships in funding local businesses that would be supplying content to the mining companies. Moreover, they should measure, account for and report on local purchases and linkages to the business value (i.e. social license to operate) to understand the full benefits and costs, and consider all the opportunities right from the exploration stage that can involve the local communities to begin developing long-term partnerships. Correspondingly, to ensure sustainability, the communities need to participate in the initiatives that build capacity and provide access to the mining companies, in order to understand the needs of the mining companies through open and structured dialogue, to seek and form long term strategic partnerships; to understand the quality, sustainability and pricing factors, deliver good service and not depend on geography or threats to be the sales pitch; keep expectations realistic, and focus on the mid to long-term opportunities

as opposed to quick wins. Altogether, the communities need to be open and transparent, participate in programmes that include local purchases or local labour for their business needs; and to be non-complacent or lazy - since a mine is a commercial operation that will always be receiving new offers or even actively seeking them out. As such, any complacent attitude of members of the communities could make them lose their contracts. Thus, it is for the good of the members to always endeavour to develop their businesses and skills while engaging or working with the mining company, and not to become solely dependent on the mining company since the mine has a finite life span, after which time it will close.
