



Norad



POLICY BRIEF

ON TRANSPARENCY IN THE MINING SECTOR:

*THE CASE OF THE ARTISANAL
AND SMALL-SCALE MINING SUB-SECTOR IN CAMEROON*

September 2023



General background to the study

“According to Delve, the global data platform for artisanal and small-scale mining (“ASM”), the ASM sector is estimated to employ nearly 45 million people worldwide and is the second largest source of livelihood after agriculture. Artisanal miners produce significant quantities of the world's minerals - from 20% of the world's gold to almost 80% of coloured gemstones. They also produce minerals used in clean energy technologies and electronic products, such as laptops and phones; around a quarter of the world's tantalum and tin comes from EMAPE. Increased demand for these minerals has already led to significant growth in EMAPE and has exacerbated the risks of corruption and loss of revenue in the sector.”¹ (ITIE, 2022). In Cameroon, most of the revenue from the mining sector, with the exception of quarries, comes from artisanal and small-scale mining (ASM), especially as industrial projects are slow to get off the ground, despite the large number of industrial research permits granted² and mining agreements already signed³

Most of the revenue from the mining sector comes from the artisanal sub-sector and was provided by CAPAM until mid-2021, and since then by SONAMINES in accordance with their respective missions. This observation led CRADEC and its partners to question transparency in the ASM sector. Although the EITI reports provide more or less sufficient information on the revenues generated by ASM, these revenues are the subject of criticism within national and international public opinion with regard to the discrepancies observed between the export declarations made by Cameroon and those of imports made by other countries concerning

¹ "Coverage of artisanal and small-scale mining (ASM) in EITI reporting, Guidance Note"; EITI, September 2022

² In 2021, Cameroon had 71 valid exploration permits, 23 Public Interest quarries, 56 quarrying permits, 5 mining permits (CIMENCAM, ROCAGLIA - 2 permits, GEOVIC Cameroon Plc., C&K Mining (EITI, 2021).

³ As far as conventions are concerned, in addition to those held by the companies with operating permits, the Cameroon Mining Corporation convention should be taken into account in place of the CamIron convention. Other agreements should also be added, such as those of G-Stone Resources, Sinosteel, etc.

precious and semi-precious stones from Cameroon. Far from having all the tools it needs to question the reliability of EITI declarations, which, it should be remembered, are subject to prior certification, and the veracity of the figures published by countries importing minerals from Cameroon, CRADEC has deemed it useful to question the transparency of the prerequisites for any extractive activity. Once the decision to extract has been taken by the parties involved, these prerequisites consist of the legal and institutional framework governing the activity in question. This is Requirement 2 (Legal and institutional framework, contract and licence) of the EITI Standard.

Recourse to the EITI Standard was self-evident insofar as this Standard is the main one in terms of transparency and accountability in the extractive resources sector; Cameroon has been a member since 2005. With Validation due to begin on 1 October 2023, the public still remembers the temporary suspension Cameroon endured from April 2021 to July 2021 for failing to publish its 2018 EITI Report by 31 March 2021. This Validation is different from the previous one in that it follows a new Validation model⁴ based on scoring. In other words, Cameroon will be assessed using a method that will involve giving scores to each of the Requirements of the EITI Standard, and then deducting average scores for each of the pillars ("Commitment of the parties", "Transparency", "Results and impact") of the 2019 EITI Standard. The period covered by this Validation is from January 2021 to September 2023.

Objective of the study

The purpose of this study is not to validate Cameroon's ASM sub-sector, but to be a forward-looking, preventive and curative document on transparency in Cameroon in the light of the requirements of the new EITI Standard.

⁴ <https://eiti.org/fr/events/formation-au-nouveau-modele-de-validation>

Methodology

The methodology used in the study consisted, in two parts, respectively of taking stock of ASM transparency in Cameroon (Part I) and auditing the said transparency (Part II), focusing on requirement 2 of the EITI Standard 2023.

Main findings of the study

The study shows that, as part of the implementation of the EITI, Cameroon generally follows the ASM. Moreover, mining operators are required to comply with EITI and Kimberley Process requirements (Art 142 of the 2016 Mining Code). However, this monitoring falls short of EITI expectations and exposes the sector to risks of corruption and illicit financial flows. Specifically:

1. Concerning Requirement 2.1 (Legal framework and tax regime): Cameroon's legal framework and tax regime contain provisions relating to ASM. These include basic texts such as the Finance Laws, the Transparency Code (2018), the Mining Code (2016), etc. However, the legal and institutional framework has yet to be perfected due to the lack of implementing measures for these texts and/or the adoption of specific texts.
2. Concerning Requirement 2.2 (Granting of licences): Provision is made in the Mining Code for the granting of ASM. However, the 2014 decree of the Mining Code still deals with low-mechanisation crafts, while the 2016 Mining Code deals with semi-mechanisation crafts and has yet to have its implementing decree.
3. Concerning Requirement 2.3 (Register of licences): it has been observed that there is a legal vacuum in terms of drawing up and maintaining a register of artisanal mining licences and semi-mechanised artisanal mining licences.
4. Concerning Requirement 2.4 (Disclosure of contracts and licences): Artisanal miners, like all mining operators, are required, in accordance with Art. 6 of the Transparency Code, to disclose their contractual obligations (specifications, environmental and social impact notice, summary environmental and social impact study, etc.).

4. Concerning Requirement 2.5 (Beneficial owner): Article 145(1) of the 2016 Mining Code states that "Any holder of or applicant for a mining title, authorisation or quarrying permit, as well as their direct subcontractors, are obliged to provide the competent administration with the identity of all parties with an interest in the mining title". The said article sets a threshold of 5% of shares for the declaration of beneficial owners. However, as the EITI is currently being implemented, artisanal miners, including those involved in semi-mechanisation, are not required to make this disclosure, which raises the risk of illicit financial flows in the ASM sector.

In the light of these general observations, one main recommendation was made, namely to draw up thematic EITI reports specific to ASM in view of the specific nature of this sub-sector and the place it currently occupies in the Cameroonian mining sector.

A set of recommendations was also made to each of the players involved in the transparency of the ASM sub-sector.

➤ The Cameroon EITI Committee to:

- Make a more exhaustive and detailed disclosure of the level of implementation of the EITI Standard Requirements in the ASM sector. This will require the Cameroon EITI Committee to:
 - o Ensure the participation of government departments, private entities and civil society organisations with proven expertise in ASM. This is particularly the case for the ministries responsible for the environment and energy, mining artisan unions and cooperatives, and local civil society organisations or those carrying out activities at local level ;
 - o Maintain the provisions of Article 145 as a basis for decision-making on the monitoring of the owners and beneficial owners of ASM, but above all to ensure that these declarations are effective within the ASM framework ;

- o Define and implement a communication strategy that is relevant to the legal and institutional framework, as well as to artisanal mining permits and semi-mechanised artisanal mining permits in the sector;
- o Advocate for the adoption of implementing rules for the provisions of the 2016 Mining Code, relating to the (x) :
 - Register of licences,
 - Procedures for granting, renewing and transferring artisanal mining permits and semi-mechanised artisanal mining permits,
 - Beneficial owner
- Better document the monitoring of ASM, in particular by setting up a physical and electronic database on artisanal mining in Cameroon.

Insofar as transparency in the extractive sector is a collegial and permanent quest, it would be advisable to:

➤ Government,

- ✓ Through its specialised institutions, in particular :
 - ✓ SONAMINES, to produce a Guide to artisanal mining for users;
 - ✓ SONAMINES, SNPPK, the Sub-Directorate of the Mining Cadastre and the Regional Delegations of the Ministry in charge of mines to acquire an electronic register of artisanal and semi-mechanised artisanal mining authorisations.
- ✓ Sign and publish the implementing decree for the 2016 Mining Code and the 2018 Transparency Code;
- ✓ Finalise the process initiated by the inter-ministerial committee responsible for preparing Cameroon's evaluation for the second round of peer review by the Global Forum on Transparency and Exchange of Information for Tax Purposes, in particular with regard to proposals for specific legislation on beneficial owners applicable to the extractive sector;
- ✓ Revise the decree on the creation, organisation and operation of the EITI in Cameroon to enable full and active participation of stakeholders in charge of the energy transition;

- ✓ Develop a specific policy to monitor artisanal and small-scale mining of transition minerals.
- Parliamentarians, in accordance with their duty to:
 - ✓ Monitor the government's actions in organising and monitoring ASM. Pass laws
 - ✓ ensuring that the provisions relating to EITI requirements are taken into account.
 - ✓ Evaluate Cameroon's mining policy in the light of the expectations formulated for the mining sector in the National Development Strategy 2030 (NDS 30) with a view to updating it..
- Artisanal mining operators to demonstrate patriotism and compliance with the FATF and EITI Standard requirements for disclosure of information on beneficial owners and beneficiaries;
- Civil society organisations:
 - ✓ Strengthen their monitoring of ASM, taking into account the requirements of the EITI Standard 2023. In this respect, CSOs could continue the awareness-raising actions they have already initiated to organise artisanal miners around cooperatives (FODER, 2021);
 - ✓ Strengthen their capacity on the transparency of ASM in order to guarantee in the future a satisfactory level of commitment from their college in the context of monitoring the implementation of the EITI;
 - ✓ Continue to monitor the performance of the institutions responsible for ASM transparency.
- The EITI International Bodies are recommended to:
 - ✓ Strengthen Multi-Stakeholders Group's capacity to cover artisanal and small-scale mining (ASM) in EITI reporting;
 - ✓ Ensure that Validations for countries with a high propensity for mining rather than oil production take into account the weight of the ASM sector in their economy.