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THE MARAMPA GRIEVANCES AGAINST LONDON MINING

By M C Bah, Atlanta-GA, USA

The second- largest iron ore producer in Sierra Leone, London Mining, recently announced plans to boost spending and raise output to 6 million metric tons a year. The company which produced 1.5 million tons of the steel making ingredients in the first year of 2013 will spend \$40 million in 2014 to expand output and will spend another \$240 million in 2015 and 2016 to extend the life of its Marampa mines. Today, Sierra Leone has one of the world's largest reserves of iron ore – an investment potential that could transform impoverish Port Loko district and the rest of the country financially solvent to defeat poverty and improve the living standards of our citizens.

According to Bloomberg media (a US-based economic media), London Mining's stocks rose as much as 14 percents (August 22, 2013), the steepest intraday gains, and advanced 8.2 percent to 122 pence by the hour. London Mining has reserves to operate for more than 40 years in Sierra Leone and produce iron ore at \$42 to \$45 a ton. The revenues of \$142.1 million at the Marampa mines rose up to 146% compared to the corresponding period. London Mining has a \$20.4 million on EBIDTA profit contribution and \$247.7 million on net cash flow from financial activities (source: London Mining annual report 2012).

But at the heartland of Sierra Leone's iron ore boom, two parties are becoming the agents of social discontent and economic exploitation to the people of Marampa and the citizens of our beloved nation. Those two parties – the government of President Koroma and London Mining are renegeing on the commitments of fair mining policies and practices in accordance with both good governance standards and the principles of corporate social responsibility. The Marampa residents are so disillusioned that if nothing is done in a hurry – a looming protest and demonstration is bound to happen with catastrophic consequences.

Rather than bandage the wounds of poor government policies and reckless mining practices, London Mining and the government must prevent a fragile situation from becoming headline news. We all know what happened at Marikana in South Africa and what continues to unfold in the Niger Delta in Nigeria and other resource-rich countries like Sudan, Somalia and the Democratic Republic of Congo. Explosive situations like the "Marampa discontent" could be averted if government listens to the local resident's needs and concerns – job opportunities and quality living standards – and revise the 2009 Mines and Mineral Act which was a bad mining agreement in the first place. Also, London Mining must share its corporate profits by investing in the communities in Marampa and beyond.

While the people of Sierra Leone welcomes mining investments, it is but fair that corporate profits from London Mining also reflect positively on the lives of the people directly affected – the local employees and local workforce, the entire Marampa Chiefdom and indeed the country as a whole. As far as the affected regions are

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concerned, the resumption of mining has only worsened their poverty situation, with huge pressure piled on the limited facilities available due to the influx of job seekers from all over the country and the ensuing increase in the prices of basic commodities needed for daily living. Good schools, better hospitals, accessible roads and decent jobs are necessities the people of Marampa are asking for. Contrary to popular demands, the jobs provided by London Mining to Sierra Leoneans are not only extremely limited but without any security guarantees. Workers are hired and fired at will, sometimes even without benefit. While much is expected from the local workers who are mostly employed as laborers, drivers, cleaners, launderers and some other menial jobs in terms of performance, wages paid to them are incommensurate. And London Mining is yet to show any commitments to the requirement of transferring technology to Sierra Leoneans - so as to enable them to take over from the so-called foreign expatriates. In the entire management structure of London Mining, there is only one Eurocentric Sierra Leonean who happened to have studied in the United Kingdom. While the rest of the local employees especially at the lower and middle levels are still struggling to come to terms with their extremely low wages and the work stress environment. And the so-called expatriates from South Africa and other countries from the Western World are enjoying unlimited facilities and opportunities. They have adequate housing with uninterrupted electricity, adequate medical attention and insurance coverage, unprecedented pay packages and good allowances. They are also entitled to spend four weeks in the country and proceed on two weeks holiday to any country of their choice. But the people of Marampa are left to live in miserable conditions with no jobs and no hope for a better tomorrow.

The salary of one expatriate can pay the salaries of thirty Sierra Leonean workers. The opulence and ostentatious living of the expatriates have indicated very clearly that they are the masters and owners of the resources. Go to the most expensive hotels such as Mamba Point and, Wusum Hotel in Makeni, you'll be shocked to see the number of London Mining expatriates that are living there or having very expensive lunches and dinners. Go to the Lungi International Airport on weekends and see how many expatriates are going in and out of the country on extravagant holidays. In the midst of a mineral resource region, the vast majority of the Marampa citizens go to bed hungry with no jobs and income to support their families.

So far, London Mining has not put up a single permanent structure in its operational area neither has it rented any house from the locals for dwelling or other purposes. All the company has done so far is to put up moveable container dwellings and offices. Apart from the massive dust pollution that has taken over the entire affected community, there have been two separate incidences of serious flooding at a village called Manonkoh and at the very heart of Lunsar Township. Scores of farmlands and plants were adversely affected in both instances, thereby heightening the hunger level in the general area. The environmental damage and the economic inadequacies are serious grievances both London Mining and the government must address if peace and stability is to exist in the heartland of Sierra Leone. London Mining is shying away from taking responsibility for the unprecedented flooding so as to avoid paying the due compensations and undertaking the necessary cost recovery. Think about the thousands of hectares of arable lands that have been taken away from local farmers and leased out for pittance to foreign companies for periods exceeding five decades and for the production of ethanol and other products for exclusive export to the European market. Communities affected have already started experiencing untold hunger, deprivation and intimidation. This is bound to explode anytime. The people want to see mining operations that invests in their lives and communities not sheer profits only for investors of London Mining and corrupt government officers who defraud our nation on a daily basis.

And the National Advocacy Coalition on Extractives (NACE), a Sierra Leonean watch-dog group had called on the government of President Koroma to revise the London Mining agreement signed in December 2009. The new agreement (dated on August 14, 2011) should not be ratified in its present form, since the country will unnecessarily lose badly-needed revenues. Increasing revenues from mining must be a top priority for the government, along with ensuring transparency in

such revenues as under the Extractive Industries Transparency Initiative. But government lacks the vision to replace its mineral revenues with the addicted aid money that is wasted and abused every year. The purpose of Foreign Direct Investments (FDI) is to generate massive government revenues in effort to support development projects. Indeed, the agreement signed by the government and London Mining on 31 December 2009 was widely criticized for giving too many concessions to the company. Most importantly, it gave London Mining: a 6 per cent income tax rate for 10 years compared to the standard 30 per cent; a formula for paying royalties that would have reduced such payments from the standard 30 per cent and the ability to prevent future governments from raising taxes on the company (a stabilization clause). The tax concessions given to London Mining reduce the potential revenues to the government. At the same time, the new agreement – like the current agreement – is inconsistent with the country's legislation. The Mines and Minerals Act of 2009 took several years to pass, but the revised agreement dated on August 14, 2011 is an improvement in the country's mining laws. Most importantly, it raises royalty rates payable by companies and requires all large-scale mining companies to enter into Community Development Agreements with the local community. Unfortunately, London Mining only gives 1% of its profit to community development projects with its \$142.1 million revenues which even rose by 146% in 2013. If London Mining continues the culture of corporate greed by refusing to increase community development percentage from 1% to 10%; it will risk losing investment in Sierra Leone in the long term. Infact, future governments will renegotiate new agreements or replace them with more attractive mining companies. Many Sierra Leoneans are not opposed to London Mining operating the mine at Marampa, but the terms under which it took place are critical. The key issue is to increase revenues from mining to enable the government to spend more on eradicating poverty. Sierra Leone earned only around \$10.2 million from mining in 2007 and \$7.2 million in 2006. As a proportion of total government revenues, mining earnings amount to only around 5 per cent. This is very little for a country rich in mineral resources. Ghana, for instance, receives 56% of its exports from the extractive sector while Botswana had a 50/50 joint venture with De Beers to mining diamonds in their country.

Indeed, the Marampa grievances against London Mining and the government of President Koroma are credible and legitimate. The solutions are practical and no conscious object or will disagree with the people of Port Loko and Sierra Leone concerning their deplorable circumstances. Years of bad decision making from former Minister of Mines and Mineral Resources, Alhaji Abubakar Jalloh, Information and communication Minister Alpha Kan and now Minkailu Mansaray in the Ministry of Mines with the approval of President Koroma has led to a looming problem that is bad economically and even threatens peace and developments in that region. The solution again: the government of Sierra Leone should listen to the local resident's needs and concerns, revise the 2009 Mines and Mineral Acts and enforce the labor laws against the mistreatment of workers at the Marampa mines.

London Mining, on the other hand, should create more attractive and well paying jobs for Sierra Leoneans; share their corporate profits by investing more than 10% in communities in Marampa and beyond and transfer its technology to Sierra Leoneans so as to enable them to have access to more paying jobs. This could be a win-win situation for everyone. It is a way out of nowhere for a situation that is fluid and dangerous. This is the better way out for all the parties affected and it is the best hope to avert poverty and social unrest.

May the struggle of the people of Marampa (Port Loko) and Sierra Leone be overcome by the blessings of our ancestors! May we have the courage "to serve thee ever alone" and "show forth the good that is ever in thee" – Sierra Leone.

Sources: National Advocacy Coalition on Extractives (NACE) and Paul H. Tucker's publication and London mining Annual report 2012.

The author of this article can be contacted via e-mail":



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