

# BRIEFING: EBOLA

CLICK TO READ: Free Article from *African Affairs*



## Article:

Annie Wilkinson and Melissa Leach

**Briefing: Ebola—myths, realities, and structural violence**

*Afr Aff (Lond)* (2015) 114 (454): 136–148 first published online December 4, 2014 doi:10.1093/aia/afu030

Extract Full Text (HTML) Full Text (PDF)

## Extractive resources and the Ebola economy

Philippe Calain, Senior researcher

Research Unit on Humanitarian Stakes and Practices (UREPH), M?decins Sans Frontières, Genève, Suisse

**EXTRACTIVE RESOURCES AND THE EBOLA ECONOMY PHILIPPE CALAIN** In their insightful briefing “Ebola – Myths, realities, and structural violence” [1], Annie Wilkinson and Melissa Leach analyse the deeper roots of the ongoing Ebola epidemic in West Africa. The authors rightly argue that the failure of local health systems reflects broader flaws in global economies and institutions, resulting in “international extraction and local exploitation”. Examining the delayed response of supra-national institutions and their funding shortfalls, they mention anecdotal evidence for the weak contribution from private industries and their pledges of corporate social responsibility. Actually, after months into the epidemic, it is now possible to conduct a more systematic analysis of the effects of the Ebola situation on extractive industries, and vice versa. The three countries most affected by the Ebola epidemic (Guinea, Sierra Leone and Liberia) have become increasingly reliant on exports of mineral ores to sustain their economic growth since the last few years. This is contributing to the current economic downturn of these countries [2]. In Guinea, with abundant mineral resources such as bauxite, iron, gold and diamonds, mining accounts for 20% of the gross national product [3]. The economy of Sierra Leone is still highly dependent on diamond extraction. More recently, offshore oil explorations have been intensified in Liberia and Sierra Leone. A number of transnational mining and petroleum companies are thus established in the region. Their activities vary from exploration, extraction or industrial processing. The presence of extractive industries in politically fragile countries generally has mixed effects, contributing to macro-economic growth on the one hand, while often producing local grievances, environmental degradation and social disruption on the other hand. As a rule, economies relying on the extraction and export of natural resources are volatile and capital intensive, generating proportionally few employment opportunities compared to other productive activities. Furthermore, in sub-Saharan Africa the overall effects of extractive industries on health systems are more likely to be negative, in particular by reinforcing the fragmentation of health services [4]. In times of public health disasters, one could expect that private industries – transnational companies in particular – would contribute significantly to relief efforts through philanthropic donations or through the protection of communities providing local workforce. From a global health perspective, it is thus interesting to examine how the extractive sector has been reacting under the current epidemic circumstances of Guinea, Sierra Leone and Liberia. More broadly, the West African Ebola epidemic could be seen as a test of the economic resilience of countries dependent on natural resources, when exposed to disasters of national proportions. As part of an ongoing research project on extractive industries and humanitarian action, a current list of the main extractive companies present in Guinea, Sierra Leone and Liberia was first established, based on data from the most recent country reports of the Extractive Industries Transparency Initiative [5] or other official websites. For 2014, published lists of extractive companies had to be updated through further desk research. As often seen, the actual structure of the corporate extractive sector in a given country changes constantly, due to unstable alliances, mergers and acquisitions, withdrawals, or reshuffling of companies’ assets. Transnational companies, their local subsidiaries, or consortia in which they participate were listed as separate entities for the analysis presented here. In total, 37 corporate mining entities (including 3 local companies) were thus identified in the three considered countries. In early 2014, the numbers of sites where ore extraction took place at industrial scale were: 14 in Guinea, 7 in Sierra Leone, and 2 in Liberia. In 17 other concessions, only geological explorations were being conducted. In Sierra Leone and Liberia, 7 oil companies (5 transnational and 2 national) were present in 2014, to conduct mainly offshore explorations. Starting in April 2014, shortly after the Ebola outbreak was confirmed, at least 11 transnational companies have progressively phased down their operations in the region, resulting in the temporary or permanent suspension of mining projects. As a result, many international employees have been repatriated, and national staff members have been put on leave or laid off. In Sierra Leone, the outbreak situation precipitated the recent collapse of two iron extraction companies based abroad. The exact economic impact of the Ebola epidemic on current or anticipated mining revenues is still unknown, but it is likely to be considerable for affected countries. On the other hand, mining and oil companies have joined the international relief effort through a number of philanthropic contributions that are worth examining. An updated list of donations from the extractive sector was compiled from different sources, including: the UN OCHA Financial Tracking Service [6], news monitoring, and web sites of identified companies. For comparison, the UN Ebola Response Multi-Partner Trust Fund (MPTF) calls for a total contribution from the international community amounting to US\$ 1 billion. As of 9 December 2014, private donations (individuals or organisations) had contributed about US\$ 5 million to the MPTF. For the 37 extractive companies examined, the total amount of cash donations was at least US\$ 1.5 million in the same period. Distinct cash donations varied from US\$ 50’000 to US\$ 400’000. In addition, a South-African mining company with no activity in the West African region disbursed US\$ 1 million for the Ebola Fund of Guinea, while further in-kind contributions were valued at US\$ 9.5 million. These varied greatly in nature and value, from sets of containers, protective equipment, vehicles, to more substantial contributions. In Guinea for example, one foreign company donated a plasmapheresis machine, and organised with its government the shipment of a fully equipped military hospital of 200 beds. Another company paid for the construction of a 130-bed Ebola treatment center in a town neighbouring its mining sites. The direct recipients of philanthropic donations belong to four categories: national authorities (local or governmental), ad hoc national task forces, supranational organizations (e.g. the World Health Organization, the UN MPTF), and non-governmental organizations or foundations. The presence of mining industries in Guinea, Sierra Leone and Liberia contributes to shaping a transient disaster economy,

which reflects weaknesses of current policies on epidemic preparedness, public health, and welfare development. In this 'Ebola economy', extractive industries have mixed effects, whereby the risk of rapid investments coexists with the benefits of philanthropic contributions. On the one hand, the instability of local engagements by foreign companies and the volatility of extractive exports make many sub-Saharan countries more vulnerable to the economic disruption caused by epidemic disasters. One reason is that industrial extractive activities are still highly dependent on the presence of foreign workforce, technology, and investments, contrary to other sectors of the economy. On the other hand, philanthropic contributions from extractive companies are sometimes substantial but unpredictable, and their opportunistic nature adds to the fragmentation of the regional epidemic response. Natural resources would better be managed if a fixed share of their revenues was directed toward the consolidation of public health systems in countries at risk of devastating epidemics. Ad hoc philanthropy and corporate social responsibility cannot substitute for sustained public health investments. References 1. Annie Wilkinson and Melissa Leach, *African Affairs*, December 2014.

<http://afraf.oxfordjournals.org/content/early/2014/12/04/afraf.adu080.full.pdf+html> (accessed Dec 13, 2014). 2. World Bank Group (2014). Update on the economic impact of the 2014 Ebola epidemic on Liberia, Sierra Leone and Liberia. December 2, 2014.

<http://www.worldbank.org/content/dam/Worldbank/document/Economic%20Impact%20Ebola%20Update%2020Dec%202014.pdf> (accessed Dec 13, 2014) 3. Natural Resource Governance Institute (2014). Guinea, transparency snapshot.

<http://www.resourcegovernance.org/countries/africa/guinea/transparency-snapshot> (accessed Dec 13, 2014) 4. Calain P (2008). Oil for health in sub-Saharan Africa: health systems in a 'resource curse'

environment. *Global Health* 4: 10. <http://www.globalizationandhealth.com/content/4/1/10>. (accessed Dec 13, 2014) 5. Extractive Industries Transparency Initiative (2014). Country reports: Guinea, Sierra Leone and Liberia. <https://citi.org/countries> (accessed Dec 13, 2014) 6. Financial Tracking Service. Ebola Virus Outbreak - Overview of Needs and Requirements (inter-agency plan for Guinea, Liberia, Sierra Leone, Region) - September 2014 - February 2015. Table A: List of all commitments/contributions and pledges.

<http://fts.unocha.org/pageloader.aspx?page=emerg-emergencyDetails&cmrgID=16506> (accessed Dec 13, 2014). ... less

Submit response

Published January 13, 2015