



The drawbacks of privatization: Artisanal gold mining in Burkina Faso 1986–2016



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ARTICLE INFO

Keywords:

Artisanal and small-scale mining (ASM)
Burkina Faso
Institutional changes
Privatization
Reforms

ABSTRACT

The West African country of Burkina Faso has become a leading African producer of gold in recent years. While this is mainly due to a boom in industrial gold mining since 2008, artisanal gold mining has been practiced throughout the country since the 1980s and continues to be an important source of livelihood for an estimated 1.2 Mio people (of a total population of c. 17 Mio). Private gold buying companies who were well-connected with the Compaoré government (1987–2014) profited from the privatization of the artisanal gold mining sector since the mid-1990s. This led to a situation where some Burkinabè businessmen made their own laws in gold mining areas, smuggled most of the gold out of the country and provoked violent conflicts with gold miners and local populations. This paper gives an overview of the institutional changes that have shaped artisanal gold mining in Burkina Faso from the mid-1980s until today.

1. Introduction

In 2014, a popular uprising in Burkina Faso put an end to the regime of Blaise Compaoré after 27 years. Parliamentary and municipal elections were held in November 2015. The newly elected government faces a number of daunting challenges and expectations, one of the most important being the reorganization of the mining sector.

Burkina Faso has become a leading African producer of gold in recent years. While this has mainly been due to a boom in industrial gold mining since 2008, artisanal gold mining has been practiced throughout the country since the 1980s and continues to be an important source of livelihood for an estimated 1.2 Mio people (of a total population of c. 17 Mio; Commission d'enquête parlementaire 2016: 54).

The socioeconomic, legal and political conditions for artisanal gold mining in Burkina Faso have changed several times since the 1980s. Three key phases can be observed: 1) from 1986, when the parastatal gold buying firm CBMP (*Comptoir Burkinabè des Métaux Précieux Métaux Précieux*, Burkinabe Precious Metals Counter CBMP) was created, to 1995–96, when the state declared a “Decade for Mining Development” and published a “Declaration for a Mining Policy”; 2) from 1996 when the gold mining sector was liberalized and privatized, to 2006 when the CBMP ceased working; and 3) from 2006 to 2015–16, when the transitional government of Burkina Faso enacted a new mining code and a parliamentary commission conducted an inquiry into the mining sector.

The most important consequence for artisanal gold mining oc-

curred when the Burkinabè state liberalized the mining sector in order to attract foreign direct investment and encourage domestic private entrepreneurship. Private Burkinabè gold buying companies who were well-connected with the Compaoré government profited from this policy. However, the state's withdrawal from artisanal mining led to a situation where some Burkinabè businessmen made their own laws in gold mining areas, smuggling most of the gold out of the country and provoking violent conflicts between gold miners and local populations. As a result, the state currently aims at a reorganization of artisanal gold mining by creating a new government body responsible for the monitoring of mining activities. This paper gives an overview of the institutional changes that have shaped artisanal gold mining in Burkina Faso from the mid-1980s until today.

2. Three key phases of institutional change for artisanal gold mining in Burkina Faso

2.1. 1986–1995–96

The gold mining history of Burkina Faso is less well known than that of its neighboring countries Ghana and Mali, even though there was precolonial gold mining and trade in the West and South-West of the country (Kiéthéga, 1983; Schneider, 1990; Werthmann, 2007). Present-day artisanal gold mining in Burkina Faso began in the 1980s during a drought in the West African Sahel and Savanna zones. The artisanal mining frontier moved from the northern and northeastern provinces of Gnagna, Seno, Soum and Oudalan along the greenstone

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<http://dx.doi.org/10.1016/j.resourpol.2017.04.007>

Received 8 January 2017; Received in revised form 17 April 2017; Accepted 18 April 2017
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belts to central provinces such as Yatenga and Passoré before it reached the western and southern parts by the end of the 1990s.

In the beginning, gold mining was mainly a last resort for farmers and herders who had lost their fields or animals. Since then it has become the principal income earning activity for many people who keep “following the hills” (Werthmann, 2010; cf. Luning, 2006; Mégret, 2008; Arnaldi di Balme and Lanzano, 2013; Côte, 2013a, 2013b; Grätz, 2013). Artisanal mining is pursued by two main groups; members of rural communities who live near mining sites and floating populations from various regions. Many gold diggers in Burkina Faso come from other West African countries such as Benin, Côte d’Ivoire, Ghana, Guinea, Mali, Niger, Nigeria or Togo, while gold diggers from Burkina Faso also work in those countries.

During the Sankara government (1983–1987), artisanal gold mining was discouraged. Thomas Sankara aimed primarily at promoting self-sustaining agriculture (*auto-développement*). People who migrated to mining sites could be sent back to their home villages (Luning, 2006: 144, Werthmann, 2009a: 181). Individual traders bought gold at mining sites and sold it, either to local jewelers or abroad.

In 1986, the state assumed a monopoly over collecting, processing and marketing precious metals produced by artisanal, semi-industrial and industrial mining through the parastatal firm *Comptoir Burkinabe des Métaux Précieux* (Burkinabe Precious Metals Counter CBMP).¹ CBMP agents “were trained to implement safety measures on the sites they supervised, such as distance between shafts and between sites and habitations” (Côte, 2014: 124). They subdivided mining areas into zones for the extraction, procession and sale of gold (*zone d’extraction, zone de traitement, zone d’achat* or *comptoir*). Even where the CBMP had not yet arrived after a new gold deposit had been discovered, experienced gold miners who were first to arrive organized the zoning, and later CBMP agents would sometimes relocate the *comptoir* further away from markets and residences or have it fenced.

CBMP agents supervised the gold processing and bought gold from licensed gold traders. The buying price was adjusted weekly, relative to the London fixing. Côte (2014): 126; cf Gueye (2001) explains: “CBMP agents posted in rural areas distributed ‘gold purchasing agreement’ cards for CFA 250,000 (GBP 298), which were signed by the Ministry of Mines. These cards provided their holders with the right to purchase the gold extracted locally by gold diggers, which they had to then sell again to the CBMP agent. In addition to these agreements, small-scale mining sites also counted a number of local buyers who were authorized to buy gold from the diggers after they were handed a ‘local purchase card’ by the CBMP agent”. Local buyers kept records of the individual amounts they bought in booklets which were checked by the CBMP agents when the buyers sold them gold. CBMP agents were also authorized to investigate and prosecute infractions of the mining code and carried out policing functions together with state law enforcement forces (Burkina Minier 98–99: 161).

Through the CBMP, the state tried to control the gold trade, but according to estimates, 40–60% of the gold was sold on the black market, at least some of it by licensed buyers and CBMP agents themselves (Badolo, 1988: 55; Butterman, 1996; Englebert, 1996: 96, Grätz, 2013: 14, Côte, 2014: 127).

2.2. 1995–96–2006

Under the influence of the IMF and the World Bank, the government of Burkina Faso started liberalizing and privatizing the gold mining sector in the mid-1990s. In 1995, the government declared a “Decade for Mining Development in Burkina Faso 1995–2005” (*Décennie minière 1995–2005*, Mobbs, 1998). In January 1996, the

¹ Kiti n° 86–190/CNR/PRES/PRECO du 21 mai 1986 portant création du Comptoir Burkinabè des Métaux Précieux (CBMP).

government published the *Déclaration de politique minière* and created a ministry for energy and mining.² In the same year, the government revised a decree on mining titles that had already been issued in 1993, along with a law on mining investments (*Code des investissements miniers*).³ This law fixed the tax rate on artisanal mining (*orpaillage*) at 100 CFA per gram of gold, 50% of which should have flowed into the national budget and 50% into provincial reserves.

These steps towards a coherent mining policy were followed by the first mining code in 1997⁴ when the creation of private gold trading posts was authorized. Although the CBMP was privatized, in the long run it could not compete with private Burkinabè firms such as SOMIKA and Sav’or that now bought gold from artisanal mines. The CBMP was eventually liquidated in 2005 and shut down altogether in 2006.⁵ Since then, artisanal gold miners have been selling gold to private mining companies or other buyers.

The liquidation of the CBMP and the privatization of the artisanal gold market made it very difficult for the government to keep tabs on artisanal gold production and export. Although private firms were obliged to report to the ministry of mines every three months, they rarely did so (Campbell et al., 2007: 49). “The ‘fraudulent’ part of gold production (...) seems to have steadily grown since the more liberal mining laws have entered into force” (Jaques et al., 2006: 6; see also MME, 2013: 26; MME, 2014: 40; Côte, 2014: 130; REN-LAC, 2014; Côte, 2013b: 7) confirms: “liberalising reforms in Burkina have undermined the capacity of the CBMP to organise and supervise artisanal production locally, and its eventual dismantlement left a governance gap in this domain”.⁶

Despite this “governance gap”, the government did make some attempts to improve the mining sector. Between 1993 and 2005, the *Bureau de la Géologie et des Mines du Burkina* BUMIGEB which is attached to the Mining Ministry received 15 Mio EU from the European Union for geochemical research, aerial photography and cartography of mineral resources in the framework of the Sysmin project.⁷ BUMIGEB also collaborated with the *Bureau de Recherches*

² Déclaration de Politique et de Stratégie Minière, 17 janvier 1996; <http://www.leconomistedufaso.bf/2016/10/31/boom-minier-role-determinant-geologues-burkinabe>; last access 30 decembre 2016.

³ Décret no. 93–253/PRES/PM/MFP/MICM/MDM, du 3 août 1993, portant fixation des droits sur les titres miniers, décret no. 96–419/PRES/PM/MEM portant fixation des droits sur les titres miniers; Loi 14/93/ADP portant Code des Investissements miniers.

⁴ Loi n°023/97/II/AN du 22 octobre 1997 portant Code minier. The 1997 mining code “intended to open up the local mining industry to foreign investors and to unify the different laws and regulations previously applicable to mining exploration and exploitation (which under the former mining laws, were subject to a statute governing all agricultural and residential land” (Blois, 1999). The mining code was revised in 2003 (loi n° 031–2003/AN du 8 mai 2003, portant Code minier) and in 2015 (loi n° 036–2015/CNT, portant code minier). The 2003 revisions “included lower tax and administrative requirements for small-scale mines and for projects in the exploration phase; improved financial assistance for small-scale miners; restriction of state ownership to 10% in large-scale mining projects; a ban on state ownership of small-scale mines; lower taxes on income from transferable securities; and reduced tariffs on fuel and lubricants” (Yager, 2003). The 2015 code “substantially amends the taxation regime of the mining sector in general, with the purpose of collecting more revenue from it to increase public revenue as a whole and to fund local social and development programs” (Zeldin, 2015).

⁵ Décret n° 2005–663/PRES/PM/MCPEA/MFB/ MCE du 30 décembre 2005 portant liquidation administrative du Comptoir Burkinabè des Métaux Précieux (CBMP), décret n° 2007–847/PRES/PM/MCPEA/MEF/MCE du 26 décembre 2000 portant clôture de la liquidation administrative du Comptoir Burkinabè des Métaux Précieux (CBMP).

⁶ I heard similar statements from government and civil society representatives as well as from artisanal miners during a field visit in 2016. Two government papers mention that the fiscal pressure on private gold buying firms is conducive to fraud, because they have to pay a *redevance proportionnelle de 5% du chiffre d’affaires* (royalties of 5% proportional to the business volume) or ad valorem tax plus 100 CFA per gram of gold exported which amounts to a higher tax burden for them than for industrial mines (MME 2013: 26, MME 2014: 40).

⁷ http://eeas.europa.eu/archives/delegations/burkina_faso/documents/more_info/rac2006_fr.pdf, last access 7 December 2016; Aissata Bangré, Sidwaya, 16 December 2003: Système minier: Une banque de données géophysiques aéroportées pour le Burkina. http://lefaso.net/spip.php?page=impression&id_article=786, last access 7 December 2016.

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