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THE 1% GOLD REVENUE CAMPAIGN - A BENEFIT SHARING CAMPAIGN BY PWYP BURKINA FASO

EXECUTIVE SUMMARY

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Introduction

In Burkina Faso, the PWYP national coalition has led an advocacy campaign for direct allocation of mining profits to local communities. Their efforts have received a favourable response from the Members of Parliament for Political Transition, established after the popular uprising of October 2014. This advocacy work also contributed to the creation of the Mining Fund for Local Development (FMDL), part of the Mining Code adopted in 2015, despite the reluctance of mining companies.

So, how did the idea for the advocacy campaign come about? Who drove it forward? What activities were introduced? What has the impact been? This summary will answer those questions.

1. State of the Mining Sector in Burkina Faso

Since 2009, gold has been Burkina Faso's number one exported product, overtaking cotton.

Besides gold, Burkina Faso also exports zinc.

- **Production:** gold production in Burkina Faso increased from 0.40 tons in 2006 to 23 tons in 2010. In 2017, 45.5 tons of gold was exported, rising to 52.622 tons in 2018. In 2017, national production from the country's sole zinc mine was estimated at 179,474 tons. In 2018, it was 165,000 tons.
- **Tax revenue:** while in 2008 the sector reported 1.691 billion West African CFA francs in revenue to the national economy, this increased to 22.682 billion West African CFA francs in 2010 and 266 billion West African CFA francs in 2018.
- **Exports:** export revenue from mining products was estimated at 1,540 billion West African CFA francs in 2018. In 2016, it was 1,022.8 billion West African CFA francs, against 765.440 billion in 2014.
- **Number of permits:** from 10 permits in 1993, this figure grew to 632 permits in 2016, including 430 exploration permits and 25 industrial operation permits.
- **EITI:** Burkina Faso joined the Extractive Industries Transparency Initiative (EITI) in 2008. In March 2018, the country was reported to have made 'significant progress' in implementing the EITI 2016 standard.

Table 1: contribution of the mining sector to the national economy

Year	2014	2015	2016	2017	2018
Mining revenue in billion West African CFA francs	168.493	168.410	189.983	226.026	266
Share in state tax revenue	12.8%	15.9%	15.42%	16.17%	19.64%

2. Rationale for Advocacy Campaigns

Despite increasing production and export rates, the fiscal contribution of the mining sector to decentralised local communities was deemed highly inadequate.

As set out in the 2003 Mining Code, the sector's direct contribution to local development was to be made through area levies and business taxes:

- **Area levies:** the 2003 Mining Code stipulated that the holder of a mining permit must pay an additional area levy, depending on the area in question and age of the permit. Twenty percent of area levies went to the local communities in which the mines operated. Between 2013 and 2017, a total of 6,844,765,392 West African CFA francs were paid out to local communities.
- **Business tax:** a tax stipulated by the country's General Tax Code that all commercial and industrial operators must pay directly to their local municipality. However, the Mining Code provided for a seven-year exemption for mines with a lifespan of at least 14 years and an exemption of half the lifespan where it is less than 14 years. By 2015, no mining company had contributed under the business tax regime because exemption periods had not yet expired.

This lack of fiscal contribution from the mining sector towards local communities was harshly criticised by civil society, which demanded the creation of a fund dedicated to paying for local development.

3. Designing a Sub-National System

Burkina Faso opted for decentralisation with the adoption of its Constitution on 2 June 1991. The Constitution stipulates that the country is divided into separate regional communities. But it wasn't until Law 055-2004/AN of 21 December 2004, the General Code on Local Communities, that Burkina Faso's decentralisation was formalised. This law provides that the State has a duty to support local communities. This is why the State allocates an increasing proportion of its own resources every year into funding decentralisation. FMDL follows the same funding mechanism for local communities.

4. The Campaign

With technical and financial support from Oxfam International, the Mines Alerte-Publish What You Pay Coalition launched the '1% Gold Money' campaign in September 2014. Support was also provided by the French Embassy in Burkina Faso, the Natural Resources Governance Institute (NRGI) and Publish What You Pay International.

It was based on the ECOWAS mining directive (article 16, paragraph 7): "member states shall create a socio-economic development fund to which mining permit holders and other stakeholders are obliged to contribute towards the development of post-mining conversion activities in affected local communities".

PWYP-Burkina Faso wanted not only to see this provision transposed into the Mining Code during review, but also that mining companies would ensure it was funded with 1% of their turnover.

4.1. Campaign Targets

The advocacy campaign was oriented towards primary, secondary and affiliated targets:

Primary targets: those with decision-making powers:

- Ministry of Mines and Quarries
- National Assembly Finance and Budget Committee (COMFIB)
- National Assembly Social Affairs and Sustainable Development Committee
- Network of Burkina Faso parliamentarians for good governance in mining activities

Secondary targets (pressure groups):

- Burkina Faso Chamber of Mines
- Other organisations across civil society beyond Mines Alerte
- Local elected officials who directly benefit from funding
- The general public

Affiliates (partners):

- Traditional and religious leaders
- Research centres
- The media
- Donors to the Burkina Faso technical and financial partners fund

4.2. Activities

Press conferences	Two press conferences on 2 October 2014 (to launch the campaign) and 5 June 2015 to denounce the risks of removing FMDL from the Mining Code. Approximately twenty media representatives covered the conferences.
Studies	Carried out by the Free Afrik Institute: a comparative study on the Burkina Faso Mining Code and the Codes of other neighbouring countries. The study also compared the contributions of cotton and gold to Burkina Faso, concluding that cotton is more beneficial to the country than gold. It recommended the creation of FMDL to support local development.
Direct meetings	Direct meetings took place with: - the Minister for Mines and Quarries in Burkina Faso; - the Chairs of the Finance and Budget Committee and the Social Affairs and Sustainable Development Committee; - technical and financial partners, including the European Union, Oxfam and the French Embassy, to request their support in using their meetings with the government to convey the merits of FMDL.
Training	Two training courses took place in Koudougou. - One focussed on 'mining policy in Burkina Faso and Africa and the challenges of the Mining Code in Burkina Faso' and involved members of parliament. - The other involved members of civil society.
	An extensive media operation supported the campaign. This took the form of: - **Television and radio broadcasts**: these platforms helped fuel public debate within civil society and increase pressure on members of parliament, the government and mining companies. - **Media coverage:** all major stages of the campaign received media coverage reporting on actions, advocacy progress and the positions of various targets. - **Production and broadcasting of advertisements:** providing information on advocacy work and raising awareness among opinion- and decision-makers. These adverts were broadcast on radio and television channels with large audiences. - **Advertising inserts in the written press:** explaining the purpose and expectations of the campaign. - **Interviews and articles:** these were designed to bring about interviews with members of the coalition in the media concerning the campaign and to denounce blockages.
Banners and dropdowns	Banners informing web users of the objectives of the campaign were produced and deployed around each activity. These materials were also deployed at ORCADE headquarters, the permanent head office for the Coalition, informing users of the campaign's headquarters.
Use of social media and the online press	- Creation of a blog: minesalerte.blogspot.com. - Media coverage of activities through online media (see publication links in annex)

4.3. Campaign results

The campaign contributed to three different kinds of results:

Results achieved	Content
Création du FMDL dans le code minier adopté en 2015	On 25 June 2015, the Mining Code was adopted. Article 25 created 'a local development mining fund'. Article 26 specified: 'it is to be funded by contributions, on the one hand, from the State of up to 20% of duties collected proportionally, related to the value of products extracted and/or sold and, on the other hand, by mine operator permit holders and beneficiaries of industrial permits for quarry substances up to 1% of their monthly turnover, excluding taxes, or of the value of products extracted over the course of the month'. FMDL is mainly used to fund activities included within Community Development Plans (PCD) and Regional Development Plans (PRD); priority is given to the 3 social sectors, healthcare, education and water.
Funding by 1% of mining company turnover	Following the adoption of the Mining Code, mining companies refused to fund it. They had meetings with the President of the Republic, publishing a memorandum claiming that their activities were not profitable. The coalition went on to step up its advocacy work by publishing a memorandum addressed to the Ministry of Mines, organising two public conferences, as well as increasing media coverage of their activities. This offensive led to: - the adoption of FMDL implementing legislation, which set the contributions of mining companies at 1% of their annual turnover; - the creation of an ad hoc working committee to facilitate the operationalisation of FMDL within the Ministry of Mines.
The effective contribution of mining companies that opposed the creation of the fund	• Mining companies have begun to actually pay their contributions. Out of 15 mining projects, 13 have paid sums 'as a show of good faith', pending the implementation of the recommendations of the ad hoc working committee. • A fund allocation committee has been set up. It has so far held two working allocation sessions, one in July 2019 and the other in January 2020, to begin distributing the funds raised. • Local communities have received their first allocations.

4.4. Campaign lessons

Several lessons can be learned from the introduction of this campaign, including:

- The firm will of the PWYP Burkina Faso Coalition to defend the interests of local communities, despite reluctance, even blackmail, on the part of mining companies;
- The people of Burkina Faso's strong support for the campaign;
- The media's enthusiasm for coverage of activities;
- The dedication of parliamentarians in adopting the law, despite intimidation.

4.5. The issue of gender

The Association of Women in the Mining Sector in Burkina Faso (AFEMIB), which exclusively brings together women working in the mining sector, found that women were not sufficiently considered in the 2015 Mining Code and its implementing texts.

In 2018, they issued a plea to 'take gender into account in the governance and beneficiaries of FMDL'. Advocacy work is underway to 'devote 30% of the fund to projects benefiting women and take measures to consider gender in how the fund is governed'.

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