

# fidh

Fédération Internationale des Ligues des Droits de l'Homme  
International federation for Human Rights  
Federación Internacional de Derechos Humanos  
الفدرالية الدولية لحقوق الإنسان

# Mali

## Mining and human rights

### International fact-finding mission report

**MALI IS THE THIRD LARGEST GOLD PRODUCER IN AFRICA BUT HARVESTS ONLY DUST**



September 2007 - N°477/2

Mine of Syama



## Table of contents

<b>EXECUTIVE SUMMARY .....</b>	<b>6</b>
<b>INTRODUCTION.....</b>	<b>8</b>
<b>1) Presentation of the FIDH mission .....</b>	<b>8</b>
<b>2) The mirage of gold in Mali .....</b>	<b>9</b>
A/ An economy under the influence .....	9
B/ A map of Malian gold .....	11
<b>PART I: RESPECT FOR ECONOMIC AND SOCIAL RIGHTS IN THE MINES OF MALI:</b>	
<b>CORPORATE RESPONSIBILITY .....</b>	<b>16</b>
<b>1) The legal framework for the protection of economic and social rights.....</b>	<b>16</b>
A/ The international legal framework .....	16
B/ The national legal framework .....	17
C/ Corporate responsibility with respect to human rights .....	17
<b>2) Implementation of social and legal responsibility by companies operating in the mining sector in Mali..</b>	<b>18</b>
A/ The mining companies' local development funds.....	18
a/ The development programme of Morila S.A .....	19
b/ The SEMOS local development programme .....	20
B/ Right to health .....	21
C/ Obligations concerning the protection of the environment.....	22
D/ Workers' rights.....	23
a/ Right to equal opportunities and to non-discriminatory treatment.....	23
b/ Respect for the labour agreement .....	23
c/ The performance bonus .....	23
d/ Workers' living conditions.....	24
e/ Working conditions .....	24
E/ Right to individual security.....	24
<b>PART II: GOLD DOES NOT CONTRIBUTE TO THE REALISATION OF ECONOMIC AND SOCIAL RIGHTS IN MALI .....</b>	
<b>27</b>	
<b>1) A self-sufficient gold industry .....</b>	<b>27</b>
<b>2) The failure of the privatisation of gold in Mali.....</b>	<b>29</b>
A/ The World Bank's policy to attract foreign investments .....	29
B/ The efforts of Mali to attract foreign investment .....	32
C/ The vulnerability of foreign direct investors in Mali .....	33

<b>PART III: THE STATE, A GOLDEN PARTNER.....</b>	<b>37</b>
<b>1) A Schizophrenic Mining Code .....</b>	<b>37</b>
A/ The mine's lifetime.....	39
B/ An empty Code.....	39
<b>2) Unequal bargaining positions .....</b>	<b>39</b>
A/ An ineffective tax-collector.....	40
B/ A shareholder State taken hostage.....	41
C/ An impotent regulator .....	42
<b>CONCLUSION .....</b>	<b>46</b>
<b>ANNEX: List of persons met by the mission .....</b>	<b>49</b>

*"There is nothing more absurd than to cause countless numbers of men to perish in extracting from the bowels of the earth gold and silver, metals in themselves absolutely useless, and which constitute wealth only because they have been chosen as the symbols of it."*

**Montesquieu, "Persian Letters"**

*If we cannot make globalization work for all, in the end it will work for none.*

**Kofi Annan, United Nations Secretary-General**

## EXECUTIVE SUMMARY

Gold mining has become a major economic activity in Mali since 1990, its second source of export revenue after cotton. Its fast growth has led to much hope for development, a hope that has been bolstered by the past few years' boom in the price of gold on the global markets.

Gold mining, an economic activity bearing high potential, could indeed contribute to improvement in the country's human rights situation by generating employment in the mining sector, which in turn could pull up other sectors of the economy. It should also improve State revenue and therefore the State's capacity to assume social expenditure (education, health, infrastructure, etc.). In addition, the establishment of a mining industry is often accompanied by local-development programmes intended to attenuate or offset the effects of mining activity, particularly on the environment.

Yet in all these aspects the contribution of the mining sector to Malian development has been negligible, when not negative.

The strong position of mining companies gives them an advantage in every aspect: they play up their voluntary programmes in favour of the local communities as per their "corporate social responsibility" (CSR), even though the programmes have very limited, and sometimes perverse results; at the same time, they obtain exemption from taxes and social obligations so they can draw the highest possible profits from their activity, and sometimes they go as far as violating existing regulations when they consider them to be too binding.

The Malian gold sector works in a way that has practically no stimulating effect on the rest of the economy. The sector is in fact largely cut off from the other economic sectors and is completely export-oriented. Mali has thus developed a "gold monoculture" analogous to its cotton monoculture, as another primary resource that is to be processed and marketed abroad. The problem here is the economic development model that has been implemented by Mali's successive governments under the pressure of the international financial institutions.

This situation is also the result of the State's weak position and ambivalence despite its prime responsibility to national development guidelines and to the population's economic

and social rights. Suffering as it is from inadequate resources and endemic corruption, the Malian State's role has been made even weaker by the way the previously state-owned mining sector is now set up: the State now plays the role of regulator and tax collector on the one hand, and shareholder on the other.

The 1991 Mining Code, which marked the free-market turn in Mali's mining policy, reserves for the State a minority share of the capital of the mining companies. The State is therefore systematically a minority shareholder of the country's gold mines, alongside the large international corporations. This situation places the State in a schizophrenic position: it is simultaneously regulator and the regulated, tax collector and taxpayer, auditing body and economic agent.

This situation is all the more detrimental that there are important conflicts of interest among its different roles. Thus, while the State-as-tax-collector's interest is to maximise tax revenue, therefore the taxes on the companies, the State-as-shareholder's interest is to maximise its profits after taxes, therefore to get the taxes lowered. The life span of a mine may be where the divergent interests of State and operators are most clearly opposed. Indeed, tax exemption incites companies to overexploit the mine reserves during the initial five-year period during which they do not pay any taxes.

By thus assigning two divergent roles to the State and its representatives, Malian regulation, drawn up under the ferula of international donors, forces the government into a permanent split and neutralises its capacity to defend the Malian people's interests. This duality was officially denounced in a 2004 report of the General Geology and Mines Department: "The Commission notes that the auditing of these companies by these bodies (the Ministries) has always been carried out in such a way as to favour the State as shareholder to the detriment of the State as public authority." In labour-dispute or environmental-pollution cases, the Malian State has thus either taken the companies' side or simply ignored their violations.

As a consequence, either because it cannot or will not, the State does not play its role as regulator and supervisor of these companies' activity, nor that of distributor of the

national revenue for the benefit of the population. Mining companies, under pressure from Malian civil-society organisations and the international community, are taking steps to respond to the criticism, in particular by setting up community-development funds. However, the funded programmes are far from constituting a panacea: they are not always participatory, are not designed for the long term, and all too often, they serve to camouflage some of the companies' failure to meet their legal obligations to protect Human Rights and the environment.

Fifteen years after the boom in gold mining began in Mali, the population is still waiting to be able to benefit in any real way from its effects, whether in terms of industrialisation, the job market, the State of public finances or the level of social expenditure. Mali has offered international investors an environment that is excellent for them to make money but includes no guarantee for either the respect of basic rights or the long-term improvement of the population's living conditions.

### **The FIDH recommends**

#### **to the Malian State, that it should**

- fully assume its role as public authority, in particular by making certain its regulations are complied with (mining code, social legislation, taxing requirements) and by auditing the companies' activities;
- make certain that social and environmental obligations are integrated into negotiations on investment agreements and their implementation, and into future revisions of the mining code, as well as to make sure it has the resources to enforce them;
- facilitate the adoption of a collective labour agreement offering extensive protection of labour rights in the mining sector;
- carry out its commitments as regards the EITI and in particular to commission, by an auditing firm, a reconciliation of the stated revenues of mining companies and of revenues of the various collector agencies of the State, to publish the revenues received from corporations by the state and to actively incorporate civil society into the conception and follow-through of the initiative's implementation process.

#### **to the mining companies operating in Mali, that they should**

- abstain from soliciting exemptions to the obligations set out by Malian legislation, tax requirements in particular; in the terms of the OECD Guidelines for Multinational Enterprises, these enterprises must: 'Refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to environmental, health, safety, labour, taxation, financial incentives, or other issues;
- publish in their entirety figures concerning mine production and payments made to the State;
- fully submit to Malian legislation, in particular by respecting its social legislation, by paying on time the taxes and dividends due to the State and by respecting the environmental provisions of the mining code.

#### **to the international financial institutions and other donors, that they should**

- not encourage the Malian State to set up foreign-investment-friendly provisions that infringe its international obligations with regard to the respect, protection and promotion of Human Rights;
- adopt regulations aiming at the protection of human and environmental rights and not provide financial guarantees to companies for which operation plans and the rehabilitation plans after the mine closes do not respect these social and environmental requirements, nor be part of their pool.

## INTRODUCTION

For a number of years now the price of gold has been increasing sharply on world markets. But who has benefited? The gold producing countries of the South are among the world's poorest. Mali, the third largest gold producer in Africa, comes in 175th place on the Human Development Index out of 177 countries. In Mali, gold exports have now overtaken cotton in terms of contribution to GDP and yet GDP growth fell in 2004 and is with difficulty climbing back to its 2005 and 2006 level. Mali continues to have an illiteracy rate of 70% and 90% of the population lives on less than \$2 a day.

How, then, is the mining boom contributing to the development of Mali? Or is gold mining contributing to the development of Mali in the first place?

This mixed review will focus obviously on the companies that have the benefit of generous tax exemptions, dole out meagre assistance to communities and bypass trade union rights.

And yet the analysis is more complex. The State has a responsibility for ensuring economic and social rights: does this State have the determination or the power to implement them?

### 1) Presentation of the FIDH mission

During the "polycentric" World Social Forum in Bamako<sup>1</sup> in January 2006, FIDH, Secours Catholique and CEDIM<sup>2</sup> organised a workshop on the issue of "social responsibility of companies in exploiting natural resources in Africa", during which former strikers from the Morila mine spoke out against the protracted detention of 9 of their comrades and former miners at Morila for over four months. The Morila miner affair extended to Europe, since a subsidiary of Bouygues BTP has been sub-contracted to operate this mine and is at the heart of the conflict with the workers.

FIDH decided to carry out an investigation, giving terms of reference to the President of the Association Malienne des Droits de l'Homme (AMDH, Malian human rights association) to collect information on the case in April 2006. The mission reported deplorable detention conditions and unwarranted delays in judiciary proceedings.

FIDH thereupon sent a new mission with wider terms of reference to investigate compliance with economic and social rights in the gold mines of Mali and Burkina Faso. This report covers the situation in Mali; the gold mines in Burkina Faso will be covered by a separate publication.

The FIDH fact-find mission was made up of Isabelle Gourmelon, an independent economic journalist (France) specialising in Africa, Aurélie Arnaud, coordinator of the CEDIM (Centre for the Study of International Law and Globalization in Montreal) and Jean-Claude Katende, President of ASADHO-Katanga, the African Association for the Defence of Human Rights in Lubumbashi, Democratic Republic of Congo, and a specialist on mining issues.

The mission took place from 4 to 18 June 2006 and the members of the mission spent 12 days in Mali and 4 days in Burkina Faso. In Mali, the mission met with various protagonists involved in the mining industry: companies, representatives of workers and of local communities, local and national authorities and NGOs. The mission also met with the Member of Parliament who chaired the Parliamentary Committee on Mines in the National Assembly (see appended list of persons met).

The mission visited to Bamako, Morila and Bougouni.

As part of a more detailed investigation of the "Morila affair" FIDH wanted to meet with all the social partners concerned: representatives of the various Malian trade union sections in charge of the mining industry, from the national trade union to the locals of the companies exploiting the Morila mine - Morila S.A. and Somadex -, the labour inspector at Sikasso in charge of approving dismissals and strike notifications, the judge in Bougouni in charge of the cases of the 32 miners arrested in the affair of the explosion of the Somadex buses, the prisoners, the former secretary general of the Somadex trade union committee, the former Somadex strikers and Somadex human resources managers. Unravelling the story of the imprisonment of the 9 former strikers turned out to be an important task that provided a better understanding and a more detailed picture of labour relations in the mining industry, and an opportunity for the mission to meet with the workers and examine their demands.



## 2) The mirage of gold in Mali

### A/ An economy under the influence

Gold production has been a tradition in Mali since time immemorial. But the industrial mining era only got off to a slow - start in the 1980s. It was then that socialist President Moussa Traoré entrusted to the Soviets the task of prospecting for gold. They were not very successful. The Kalana mine, opened in 1984, was an economic failure; the mining company (Sogemork) was dissolved in 1992. Since the fall of the Berlin Wall, the South Africans have taken over mining in Mali, where they systematically industrialised extraction. In 1990, the Syama mine ushered in the new era.

The Malian agricultural economy breaks down into white and yellow. In 1999, for the first time, gold surpassed cotton in Malian exports. Since then it has been a constant factor in the political arena and has become, for Malians, the dazzling symbol of national wealth from which they do not benefit. 94% of the gold is exported and the remainder is used by local jewellers, according to the Malian administration<sup>3</sup>.

In 2001, for the first time, wealth from mining alone contributed more than half the country's export earnings<sup>4</sup>. The earnings increased faster than imports, reducing the Malian trade deficit. This improvement in the Malian balance of trade was welcomed unanimously by economists and was one of the only bright spots in the Malian economy.

Meanwhile, the cotton industry, stifled by public subsidies granted to European and American cotton producers, collapsed. The inescapable result was: in 1996, gold generated 18% of Malian exports<sup>5</sup>; cotton, 61%. Six years later, in 2002, the trend had been completely reversed: gold generated 65.4% of exports, making Mali one of the countries most "addicted" to gold<sup>6</sup>; cotton, 22.4%. Gold exports are expected to increase by 6% to 7% over the next few years. Overall, between 1997 and 2005, gold exports from Mali amounted to 2,290 billion CFA francs (100 CFA Francs = 0,15€)<sup>7</sup>.

In the mining areas, the gold wars are quite real. In Sanso, the village next to the Morila mine 200 kilometres south of the capital Bamako, acreage under cotton declined by 68.4% in five years between 1999 and 2005. The mine now occupies the fields and the agricultural workers,

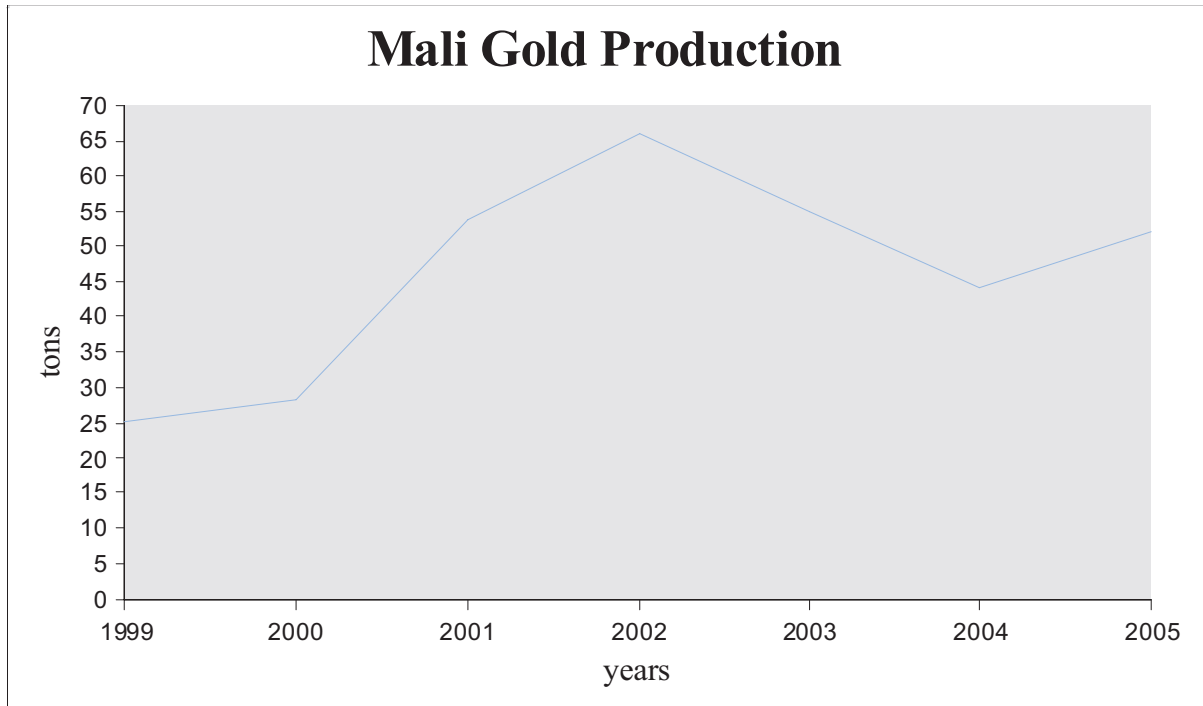
leading to the disappearance of three fourths of the farms<sup>8</sup>.

This domination of gold in exports is not reflected in the national economy. In Mali, cotton feeds 3.3 million people working in 200,000 farms, while industrial mining employs 12,000 people, i.e. just under one-tenth of the aggregate wages of the formal sector<sup>9</sup>. Traditional placer mining creates the most jobs: 100,000 prospectors, according to the IMF<sup>10</sup> and 200,000 according to the Direction Nationale de la Géologie and des Mines (DNGM)<sup>11</sup>.

In 2004, the mining sector generated 7% of the national wealth (GDP assessed at 1,282.5 billion CFA Francs by the IMF<sup>12</sup>): this is hardly more than livestock raising and fishing (6%), less than manufacturing industry (11%) and relatively little compared to transport and the retail trade (28%). But the share is growing: according to the World Bank<sup>13</sup>, mining accounted for 1.9% of GDP on average between 1984 and 1993, while agriculture accounted for 44% of GDP and manufacturing industry 5,8%. Another comparison shows that over the last twenty years, development assistance accounted for 20% of national income, on average, which corresponds to the financing of eight-tenths of the investments made in Mali<sup>14</sup>.

In terms of growth, the 2006 Finance Law predicted: "Economic growth is expected to be 6% this year, thanks in particular to the opening of new mines<sup>15</sup>." This correlation between the increase in gold production and economic growth was particularly noticeable until 2002, a record year in which 66 metric tons of gold were extracted. The World Bank claims that since its first study of Malian trade policies in 1998, "the increase in production and export of gold, which has become the leading source of Malian export earnings, made it possible to achieve an average economic growth rate of the order of 5.2 percent (1998-02)<sup>16</sup>." But by 2004, the situation seems to have turned around, since the gold sector, similar to agriculture but to a lesser degree, dragged Malian growth down; according to OECD<sup>17</sup> experts, the two sectors had a negative contribution in 2004 (- 1.9% for agriculture and -1.1% for the mines). In that year, growth sectors were transport, the retail trade, manufacturing industry, livestock raising and building and civil engineering.

To sum up, the share of gold in the Malian economy has continued to grow but not enough to raise Mali out of the "poverty trap" that has been holding it back for twenty years.



## B/ A map of Malian gold

In 2003, with 54.5 metric tons extracted<sup>18</sup>, Mali became the third largest gold producer in Africa, far behind South Africa and Ghana but ahead of Tanzania. Its world ranking remains modest: it comes in 13th place. In five years, during the second half of the 1990s, the amount of gold extracted in Mali doubled.

### *Extreme concentration: 3 main mines*

**Three flagship mines.** Mali owes its gold success of the last five years to just two mines. But what mines they are! Sadiola and Morila produced, between 1999 and 2003, 83% of all Malian gold. In 1991, when it was discovered by IAMGold 600 kilometres north of Bamako, Sadiola was hailed by experts as the “most promising mine of the year”. The Yatela mine, inaugurated in 2001 (i.e. five years after mining began at Sadiola) is only 25 kilometres north of Sadiola, so the two mines can share certain costs and the second is considered a satellite of the first. In 2002, Mali owed a production peak to a surprise: the ore in Morila turned out to be far richer than expected, with exceptional gold content (5g/ton). That year, the mine produced a quarter of Mali’s annual production in three weeks.

In 2005, Yatela produced 98,000 ounces of gold<sup>19</sup>, Sadiola 442,000 ounces and Morila 655,000 ounces (reserves are estimated at 3 million ounces). Together, their reserves are estimated at approximately 350 metric tons of gold. Without major new discoveries, Sadiola and Morila will have to close before the end of the decade; production will start to decline at Morila in 2008 and it will have to close in 2013.

The future is Loulo, 350 kilometres northeast of the capital Bamako. When it was built in 2004, the experts announced that “another star is born”. It opened officially in November 2005, and should be producing 250,000 ounces of gold per year for six years, after which its underground mining will commence. Its reserves are estimated at 9 million ounces and its closure is scheduled in 2020<sup>20</sup>.

The rest lies fallow. But in Mali, more than elsewhere, prospectors expect fewer and fewer surprises. With reserves estimated at 800 metric tons of gold, Mali is not the Eldorado that the three “showcase” mines suggest. “In Malian tradition, gold belongs to devils. It shows itself when they are happy and it disappears when they are frustrated<sup>21</sup>. They must have been very happy in 1324,

when the emperor Kankou Mousa caused the first world crash by distributing large quantities of gold along the route on his way to Mecca (transporting 8 metric tons by camel). They are said to be less happy today.

Thanks to the opening of the Loulo mine, Malian gold production exceeded 58 metric tons in 2006, an increase of more than 18% from 2005, which came close to the record 63 metric tons recorded in 2002; but none of the mines discovered today can reverse the downward trend that is expected to reduce production to under 35 metric tons<sup>22</sup> in 2011. To stop the decline, 20 additional metric tons would have to be produced every year, which would require heavy investment and above all would have to be found.

But “all the current discoveries have been known since Independence,” says the Minister of Mines, Ahmed Diane Semega<sup>23</sup>. Morila was discovered thanks to Belgian cooperation and Sadiola thanks to the European Development Fund (EDF) - even the last and smallest one, Loulo, at which the second shaft, called Gara, was revealed by the Syndicat de l'Or in 1981. With only 19 of 165 permits granted actively explored, the Malian sub-soil does not seem prepared to reveal its treasures. By way of comparison, the Burkinabé “Eldorado”, which has 5 of the 16 mines deemed most promising in the region in the 2010 time frame, with only 30 holders of prospecting permits, is being explored on 14 sites. Neighbouring Ghana has 27 sites under exploration out of 212 permits. Only 6 of the 133 regions potentially rich in various ores in Mali have been mapped. But already operators consider the country to be mature. To round out the picture, mention should be made of the Syama mines in the south of the country. Left to lie fallow by Randgold Resources in 2001 after eleven years of exploitation (the first five carried out by Australia’s BHP), their reserves, estimated at 45 metric tons, have been acquired by an Australian group, Resolute Mining<sup>24</sup>. And there are the Tabakoto mines, discovered by Nevsun Resources (Canada), inaugurated in May 2006 and Kalana in November 2006. They have estimated reserves of 441,000 ounces of gold will be exploited by Somika (in which the State holds 20% and Avnel Gold Limited 80%) over the next 12 to 20 years. Some 6 billion CFA Francs have been invested<sup>25</sup>. But they are not large enough to halt the decline in Malian gold production.

### **Placer mining is gold<sup>26</sup>**

Small-scale placer mining is an ancestral tradition in Sub-Saharan Africa. But for the last twenty years, gold fever has swept over farmers like wildfire, from Ghana to Senegal, Guinea, Niger and Burkina Faso. In Mali they extract some 2.5 metric tons of gold per year, according to consensus estimates that are highly approximate. That is two times less than in the 1980s, say the geologists. Gold prospectors (said to number between 100,000 and 200,000) travel hundreds of kilometres, sometimes going to other countries, in their search for a seam, often on the strength of rumours. Placer mining is traditional in the Bambouck and Bourré regions, but has now extended to 350 sites, according to the Direction Nationale de la Géologie et des Mines (DNGM)<sup>27</sup>, which boasts of the organisation, often little known, of small-scale mines: a “damantigi”, the head or owner of the mine, is assisted by his “tomboloma”, the mine police. And this is of course outside government oversight. In the Kéniéba region, women make up 90% of the mining workforce (extraction, ore transport, crushing, lifting – no activity is off limits to them). The National Assembly’s Energy and Mines Committee<sup>28</sup> says that the local authorities are unable to issue small-scale mining permits, which are required for prospecting in Mali under Article 57 of the Mining Code. Chaired by Tiémoukou Dembélé, MP for this region, the Committee devoted a major part of its report to the placer mine at Massioko, on the banks of the Bagoé River that serves as the border with Côte d’Ivoire, and its collection of evils.

In June 2005, at the height of the gold rush, the population of the village exploded, increasing from 15,000 to 85,000. Ultimately it stabilised, following disillusion, at around 40,000. Five kilometres away, the placer mine replaced 1,000 hectares of forest and savannah; even the neighbouring river is clogging up with the silt residue of placer mining. Disease is rampant (HIV/AIDS, meningitis, cholera) in a population of which fewer than 10% have access to drinking water, and the nurse-midwife and her three nurse’s aides, working under a hangar covered by tarpaulin that serves as a dispensary, are unable to care for a population comparable to that of a medium-sized French town such as Gap, the prefecture of the Hautes-Alpes region.

Everyone is aware of the precarious conditions of the small-scale placer miners. Some, like the members of the West African Economic and Monetary Union (UEMOA), even see assistance to placer mining as the only way to ensure that the earnings from gold are distributed, at long last, in African society.

### *The "Club of Three" mining companies*

For fifteen years, all mines in Mali have followed the same extraction scenario. Because it does not have the resources to mine its gold and because the World Bank has so decided (see below, p. 29), the Malian government only holds a minority share in the mining companies currently operating on its soil. These are small, so-called junior<sup>29</sup> mining companies that prospect an area defined by the prospecting permit. In Mali, as in the rest of Africa, Canadian companies have a strong presence, especially among these small companies – two-thirds of the money invested by these juniors in projects in Africa is raised on the Toronto stock exchange. There are some fifteen juniors: Afriore Ltd, Afcan Metals Corp., African Metals Corp., Axmin Inc., Azco Mining Inc., Barrick Gold, Etruscan Resources, Fancamp Exploration Ltd, Golden Star Resources, Great Quest Metals Ltd, Metalex Ventures Ltd, Orezone Resources, Robex Resources, Teck Cominco Ltd.

Then, when they find the precious metal, they set up alliances with other – industrial – mining companies to exploit it, also under permits issued by the State. In Mali, three companies control the mining sector: AngloGold Ashanti (Sadiola 38%, Yatela 40%, Morila 40%), Randgold (Morila 40%, Loulo 80%) and IAMGold (Sadiola 38%, Yatela 40%).

The organisation of the Morila mine is emblematic: in July 2000, Randgold sold 40% of its mining permit to AngloGold; together they set up a joint venture, Morila Limited, which, with the State as a 20% shareholder, then formed Morila SA. This is the company that pays AngloGold Ashanti Services Mali SA as the operator; 1% of the revenue goes to it in the form of management fees (\$1 million in 2005, \$800,000 in 2004, in addition to \$400,000 for "consulting and purchasing"<sup>30</sup> services). In addition, Morila SA processes the ore once it has been mined, while excavation is handled by another sub-contractor, Somadex – a subsidiary of the French Bouygues group. It is Somadex that invested in the extraction equipment, at huge expense; Morila S.A. reimburses it on a monthly basis. "The residual value of the equipment is still being negotiated," says the top management of Somadex<sup>31</sup>.

These cascades of sub-contractors are a source of disputes. Randgold Resources is currently paying the price, with its Loulo extraction company MDM Ferroman litigating to claim \$29 million dollars in unpaid debt.

**AngloGold Ashanti**, founded in 2004 with the merger of South Africa's AngloGold Limited and Ghana's Ashanti

Goldfields in a \$1.42 billion transaction – is one of the world's top three gold producers, with 21 mines on four continents. It is listed in London, New York, Paris, Brussels, Johannesburg and Accra. 43% of its stock is held by American investors, 23% by South Africans, 20% by the British, 9% by other Europeans and 0.4% by other Africans<sup>32</sup>. Alongside large shareholders such as Anglo American and Bank of New York, there is an unexpected guest: the government of Ghana holds 3.4% of the company's capital (as of 31 December 2005).

The company extracted 6.2 million ounces of gold in 2005, a 6% increase over the year before. It earned \$469 million, also up by 6%. South Africa is preponderant in its business portfolio; it employs 42,000 people to produce 2.6 million ounces of gold (in 2005) and invested \$347 million. It is also preponderant in profits: \$230 million generated in South Africa, compared to \$74 million elsewhere in Africa. In Ghana, Guinea, Namibia, Mali and Tanzania, it has 16,200 employees and its market share is 35% (2.15 million ounces in 2005 and reserves estimated at 23.2 million ounces); it has invested \$221 billion there.

In Mali, AngloGold Ashanti produced 528,000 ounces, i.e. 8% of its 2005 output (4% in Morila, 2.5% in Sadiola and 1.5% in Yatela). It expects production to be between 518,000 and 539,000 ounces in 2006. In 2005, Mali earned the company \$70 million (\$49 million in 2004 and \$72 million in 2003), i.e. 6.7% of the group's adjusted profit (9% in 2004 and 7.7% in 2003). Like Namibia with \$1 million, Mali is among the last on the list of countries in which the South African giant is investing, with \$8 million spent compared to \$22 million in Guinea, \$89 million in Tanzania and \$100 million in Ghana. In Mali, the South African company employs about 1,300 people (580 in Sadiola, 210 in Yatela and 478 in Morila).

**Randgold Resources** is a company incorporated on the Island of Jersey, a tax haven off the coast of Britain. It has been listed on the Nasdaq, the US market for small company stock, since 2002. Its market capital was \$1 billion in 2005. The company broke even in 2000, three years after it was founded. Two categories of shareholders control eight-tenths of its capital: institutional with BNY Limited (about 78%) and public via ADRs, and small American investors (25%)<sup>33</sup>.

Operating in Senegal, Côte d'Ivoire, Tanzania, Burkina Faso and Ghana, the company is best described by the oxymoron "junior adult". In Mali, it was the company that

discovered the exceptional Morila mine. 80% of Malian production, i.e. 260,000 ounces, is accounted for by this company. At the end of 2005, the Loulo mine was opened, in which Randgold is the single private-sector investor (80%) alongside the State, to the delight of its top management. "We made a profit from the first month," says its CEO, Mark Bristow. In Loulo, the company employs some 500 people (1,200 with sub-contractors). In 2005, the company raked in \$41 million in net profit, compared to \$19 million a year earlier.

**IAMGold**, last but not least, is the only Canadian company in the trio. It operates five mines in Africa, including two in Mali, one in Botswana and two in Ghana, and it is prospecting in Argentina, Brazil and Tanzania. The Toronto-based company has been listed on the New York Stock Exchange since December 2005 and produced 447,000 ounces in 2005 (up 4% in one year). Its reserves are estimated at 4.5 million ounces.

### African gold the richest in the world

Despite technological progress, gold is becoming harder to find as time goes on. Between 2000 and 2003, eight major discoveries<sup>34</sup> were made worldwide, as compared to fifteen between 1970 and 1974. Throughout the African continent, over the last fifteen years, two mines have been opened (out of 54 worldwide)<sup>35</sup>. But the undisputed champion in discoveries is Latin America. With 7.7 billion metric tons of ore reserves, the continent comes out far ahead of Africa with its 889 million metric tons. By way of comparison, Asia and Australia have reserves of 1.7 billion and 2.8 billion metric tons respectively.

But African gold is particularly attractive, for two reasons:

1/ 80% of African ore was extracted from opencast mines in 2004; whereas most Latin American mines are underground. In Africa, underground and combined mines have virtually disappeared, although they accounted for the majority (respectively 55% and 40%) in 1984. In Mali, the operation of the two main mines, Morila and Sadiola, led to the excavation of ore at a depth of 200 metres from a one-kilometre long shaft. This outcropping of African gold enables Africa to have the world's lowest operating costs (see below p. 32). This is good news for investors.

2/ African ore is the richest in the world. The gold content of ore mined in Africa is 3.1 grams per metric ton compared to 0.81 in Latin America. In terms of value, the African continent thus catches up to some extent, with 88.7 million ounces of reserves, compared to 201 million ounces in Latin America.

---

1. The World Social Forum was held in three different places on three continents in 2006. The Bamako forum was the first of the three and was held from 19 to 23 January 2006. It was the first World Social Forum to be held in Africa.

2. Centre for the Study of International Law and Globalization, University of Québec in Montréal, <http://www.cedim.uqam.ca>

3. "La Contribution du secteur Minier à l'économie nationale", Bureau d'études, de conseils and d'interventions au Sahel (BECIS), December 1998.

4. Gold exports were limited to 40 billion CFA Francs in 1996. In 1997, they nearly tripled to 117 billion. They grew steadily until 2002, a record year when Malian gold with a value of 400 billion CFA Francs was exported. Since then there has been a downturn: 326.8 billion worth of gold were exported in 2003, 269 billion in 2004. The steep rise in the gold price in 2005 made it possible to reverse the trend (355 billion). "Mali: statistical appendix", IMF Country report No. 06/89, 2006 and country report No. 99/20, 1999.

5. "Growth support project", report No. 31388 ML, World Bank, 21 January 2005.

6. In Tanzania, gold accounts for 44% of exports and in Ghana the figure is 32%.

7. "Mali: statistical appendix", IMF Country report No. 06/89, 2006 and country report No. 99/20, 1999.



## Mali - Mining and human rights

---

8. "Socio-economics effects of gold mining in Mali", CMI Report, 2006.
9. "Fourth review of the three-year PRGF agreement", IMF, Michael Nowak, Mark Plant, IMF, 29 June 2006 and "Growth support project", report No. 31388 ML, World Bank, 21 January 2005.
10. *ibid.*
11. Mali-Minews Journal, No. 6, March April 2005.
12. "Mali: statistical appendix", IMF Country report No. 06/89, 2006.
13. "Growth support project", report No. 31388 ML, World Bank, 21 January 2005.
14. "Stratégie de coopération and programme indicatif 2003-2007", Mali-European Community, 18 March 2003.
15. *ibid.*
16. "Examen des politiques commerciales", WT/TPR/S/133; [www.wto.org](http://www.wto.org)
17. "Perspectives économiques en Afrique", BafD/OCDE 2006.
18. According to the Direction Nationale de la Géologie and des Mines, production in 2003 amounted to 51.5 metric tons.
19. 1 ounce of gold = 31,103 grams.
20. "Mali gold production to begin in September", 27 July 2005, [www.gold.org](http://www.gold.org)
21. "Dionguéra: la colline du serpent Ningui", Doua M. Camara, geologist, Yatela SA, September 2004.
22. "Malian gold reserves are running out", The Indépendant, 9 December 2005. Chiffres de la Direction nationale de la géologie et des mines.
23. Talk with the authors, May 2006.
24. "Resolute to increase Mali presence" , 3 April 2006, [www.gold.org](http://www.gold.org)
25. "Mines d'or de Kalana and de Fabula: beaucoup d'espoir en jeu", l'Essor No. 15132, 28 January 2004.
26. At the time of the mission in May 2006, the placer mining sites had been temporarily abandoned because the rainy season prevented miners from descending into the "holes". Placer miners resume jobs as workers during this time.
27. Mali-Minews Journal, No. 6, March April 2005.
28. Draft resolution of the National Assembly meeting on 18 May 2006.
29. "Mining exploration and development company whose activities and operations are primarily financed by issuing stock for this purpose. It does not have sufficient capital to reasonably draw up a budget or schedule operations in accordance with revenue from mining operations," excerpt from a paper entitled "Mining exploration in Africa and the role of the 'juniors'" Fodé-Moussa Kéita, Research Group on Mining Activities in Africa, IEIM Conference, Grama, 3 October 2006.
30. "Annual Report 2005", Randgold Resources.
31. Talk with the authors, May 2006.
32. "Fact sheet 2005", annual report 2005, [www.anglogold.com](http://www.anglogold.com)
33. "Annual report 2005", [www.randgold.com](http://www.randgold.com)
34. "Assessing the role of juniors...gold miners and explorers", African junior mining congress, presentation of Randgold Resources, July 2006.
35. "Strategic report", Metals economics group, September/October 2004.

## **PART I: RESPECT FOR ECONOMIC AND SOCIAL RIGHTS IN THE MINES OF MALI: CORPORATE RESPONSIBILITY**

### **1) The legal framework for the protection of economic and social rights**

#### **A/ the international legal framework**

##### Main international Human Rights instruments ratified by Mali

International Covenant on Civil and Political Rights, signed on 16 December 1966, ratified in 1974; International Covenant on Economic, Social and Cultural Rights, ratified in 1974; Convention against Torture and other Cruel, Inhuman or Degrading Treatment, ratified in 1999; Convention on the Elimination of all Forms of Discrimination against Women, ratified in 1985; International Convention on the Elimination of all Forms of Racial Discrimination, ratified in 1974; International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, ratified in 2003; Convention on the Rights of the Child, ratified in 1990; African Charter on Human and Peoples' Rights, ratified in 1981; African Charter on the Rights and Welfare of the Child, ratified in 1981; Optional Protocol to the African Charter on the Rights of Women in Africa, ratified in 2004.

The International Covenant on Economic, Social and Cultural Rights of 1966 provides in Article 2.1 that “each State Party to the present Covenant undertakes to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures”.

The Covenant guarantees the following rights: the right to work (Art. 6), the right to just and favourable conditions of work (Art. 7), the right to form trade unions (Art. 8), the right to an adequate standard of living (Art. 11), the right to the highest attainable standard of physical and mental health (Art. 12).

The United Nations Committee on Economic, Social and Cultural Rights, charged with overseeing implementation of the Covenant, has developed the concept of “minimum core obligations” which all States, even the poorest, must meet. Mali, although it is one of the least developed countries (LDCs), thus has obligations under the Covenant.

The Committee sets out three types of obligation: the obligation to respect, i.e. not to hamper enjoyment of

economic, social and cultural rights, the obligation to protect, i.e. to prevent violations of these rights by third parties, including companies; and the obligation to fulfil.

FIDH draws attention to the fact that as a Party to the International Covenant on Economic, Social and Cultural Rights, and in accordance with its Articles 16 and 17, Mali is required to present to the Committee on Economic, Social and Cultural Rights reports on implementation of its obligations. FIDH draws attention to the fact that Mali has not yet been examined by the Committee to date, although the Covenant was ratified in 1974.

Moreover, Mali is a party to the eight basic conventions of the International Labour Organisation on the right to organise (Conventions 87 and 98), the prohibition of forced labour (Convention 29 and 105); equal treatment (111 and 100) and elimination of child labour (138, 182).

The African Charter on Human and Peoples' Rights, which Mali ratified on 27 June 1981 (decree No. 8 of 29 October 1981) guarantees economic, social and cultural rights just as it does civil and political rights. The African Charter covers the right to work (Art. 15), the right to economic, social and cultural development (Art. 22), the right to a general satisfactory environment (Art. 24) and the right of peoples to freely dispose of their wealth and natural resources (Art. 21).



In addition, Mali joined the EITI – Extractive Industries Transparency Initiative – in 2006. This project aims to increase transparency of revenues paid to the government and/or its agencies by the oil, natural gas and mining companies by making a summary of payments made available to the public, the international community and civil society.

### **B/ The national legal framework**

#### *The Constitution*

The Malian Constitution, enacted by Decree in 1992, guarantees the major economic and social rights to the Malian people. Education, training, instruction, work, housing, recreation, rest, health and welfare are the rights recognised (Articles 17 and 18). The right to organise and the right to strike are also guaranteed by applicable legislation and regulations (Articles 20 and 21).

The Constitution is the basic law of a country and therefore companies and all other individuals and legal entities in Mali must comply with its provisions.

#### *The Labour Code*

Work is protected, nationally, by the Labour Code, which defines the nature of the employment contract (Articles 18 and 19) and the conditions under which it may be signed (Articles 14 to 17), executed (Article 20), suspended (Articles 34 to 38) and terminated (39 to 56). In addition, it regulates professional institutions and the right to organise (Articles 232 to 279).

The Labour Code describes the framework within which the parties may reach a collective bargaining agreement (Articles 70 to 90), regulates matters relating to wages and salaries (Articles 95 to 125) and organises the institutions in charge of settling disputes between parties to an employment contract (Articles 190 to 231) as well as those in charge of enforcing its provisions and ensuring compliance with legislation (Articles 283 to 300).

Last but not least, to induce the parties to an employment contract to comply with its provisions, the Labour Code provides for a system of criminal penalties against any party infringing any of the aforementioned provisions (Articles 314 to 337).

The collective bargaining contract of the mining, geological

and hydrogeological companies and undertakings of 1985 includes additional guarantees relating to the rights of workers.

#### *The Mining Code*

Article 125 of the Mining Code obliges holders of mining leases and their subcontractors to provide workers with housing under health and hygiene conditions consistent with legislation. This provision reinforces the right to decent housing guaranteed by the International Covenant on Economic, Social and Cultural Rights ratified by Mali.

In addition, many provisions of the Code cover environmental protection (see below page 22), especially Article 90 which obliges mining companies to perform an environmental impact study covering potential effects of the mine on people and the environment prior to opening a new quarry. Article 72 also provides that during the exploitation of the mine, a report be submitted once a year to the Director of Mines on the impact of mining operations on the environment and the health of populations.

Discussions are currently under way, at the request of the World Bank, to negotiate a new Mining Code.

### **C/ Corporate responsibility with respect to human rights**

Under the conventional application of human rights law, only governments are generally held responsible for violations of human rights. However, economic and financial globalisation has strengthened the power of non-state actors and particularly of companies operating at worldwide level. States have primary responsibility for promoting, complying with and enforcing human rights, but it is becoming increasingly obvious that companies have an obligation to comply with these rights and to avoid becoming accomplices to violations committed by others. Based on their economic and even political power, their actions have major impact on respect for human rights, and a number of them have been accused of taking advantage of weak national human rights protections to relocate some of their production.

Among multinational companies, mining companies are a special case. The World Bank presents the mining industry as a major development opportunity for developing countries<sup>36</sup>. Yet the countries with the richest ore deposits are also the most politically unstable, and are victims of internal and external violence. The extractive industry is often

associated with misguided development for the local population - development that runs counter to the hopes that the installation of an extractive company raises. While foreign countries exploiting the mining resources of African countries have increasingly liberal<sup>37</sup> mining codes, the local population rarely benefits from mining and often suffers from it as a result of the environmental damage caused by mining operations.

In view of these facts, a broad discussion has been undertaken at international level in an attempt to induce multinational corporations to respect human rights. Over the last 15 years, many initiatives regarding the corporate responsibility for human rights have been taken and there are now more than 200 of them<sup>38</sup>. They have a variety of legal implications, but very few of them are binding. They do however aim to encourage companies to comply with human rights as spelled out in the various international instruments ratified by States over a period of more than 50 years.

The Organisation for Economic Cooperation and Development (OCDE) in particular has drawn up "guidelines for multinational companies", revised in 2001, which include non-binding recommendations issued by governments to multinationals operating in or from the 33 member countries, i.e. notably the OECD member states in which the companies operating the Malian mining sector are headquartered.

The United Nations Sub-Commission on the Promotion and Protection of Human Rights adopted Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights in August 2003. These draft Norms constitute the most comprehensive codification to date of the implications of international human rights law for businesses. The Norms include the rights recognised in the various international human rights protection treaties: the right to equal opportunity and non-discriminatory treatment; the right to security of persons; the rights of workers; economic, social and cultural rights (right to development; right to adequate food; right to water; right to adequate housing; right to education); and obligations aimed at protecting the consumer and at protecting the environment. Companies must respect, promote and ensure respect of these norms within their respective spheres of activity and influence<sup>39</sup>. Following the adoption of these Norms (which are not binding as such but which refer to a large number of existing binding legal instruments), the UN Human Rights Commission appointed a Special Representative of the Secretary-General on Issues of Human Rights, Transnational Corporations and other Business Enterprises, Mr. John Ruggie.

The Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises initiative comes in addition to another United Nations initiative, the Global Compact. The Global Compact addresses companies, United Nations institutions and civil society organisations and aims to promote compliance with 10 principles relating to labour and environmental rights and human rights. The process is non-binding and for that reason it was denounced by most of the civil society organisations, but it did receive the support of hundreds of companies, including AngloGold Ashanti in 2004<sup>40</sup>. However, beyond the media coverage generated by this support for the initiative, no communication from them has been sent to the Global Compact Committee<sup>41</sup>, which has placed the company on the list of companies that failed to properly report their activities.

Article 1 of the Norms drawn up by the Sub-committee provides that "States have the primary responsibility to promote, secure the fulfilment of, respect, ensure respect of and protect human rights recognized in international as well as national law, including ensuring that transnational corporations and other business enterprises respect human rights".

With regard, more directly, to the companies of the mining sector, some of them signed the commitments made by the International Council on Mining and Metals relating to the role of the mining industry in sustainable development. They cover, in particular, respect for communities affected by the mining activities to ensure that they benefit from it, respect for human rights, especially at the workplace, and attention to the environment in the company's activities. These commitments are sometimes adopted by companies in individual codes of conduct.

The mission to Mali provided an opportunity to observe the efforts made by the companies under international pressure, but also the limits and shortcomings of their action.

## **2) Implementation of social and legal responsibility by companies operating in the mining sector in Mali**

### **A/ The mining companies' local development funds**

Article 125 of the Mining Code provides for several obligations that companies exploiting mines must meet with regard to local development. Indeed, the holders of mining leases and their sub-contractors are obliged,

among other things, to:

- provide on-site housing for workers in conditions of health and hygiene consistent with applicable legislation;
- contribute, starting from the date of first production, to the installation or improvement of health and educational infrastructure at a reasonable distance from the mine in order to meet the normal needs of workers and their families, as well as the organisation of local recreational facilities for their employees and their families.

The two main gold mines in Mali, operated by SEMOS in Sadiola and Morila S.A. at the Morila site respectively, therefore set up community development programmes to support local development in the areas where the mines are located. These programmes are, however, often developed outside the communities that they are intended to support, thus providing a solution that is not always suited to the real needs of the population.

#### **a) The development programme of Morila S.A**

Morila S.A. set up a community development fund in 1999. The fund has several objectives and is distributed through three administrative levels: the 4 Sanso townships, the district of Bougouni and the Sikasso prefecture. 60% of the fund is assigned to the Mayor of Sikasso and is earmarked for communal development. The amount is equivalent to US\$ 150,000 per year. Part of the fund is earmarked for site rehabilitation once the mine has been closed, as covered by the Mine Closure Plan, a compulsory formality required to obtain the support of the World Bank.

From discussions it emerged, however, that the management of the local development fund has not always been transparent. The existence of the fund was not known to local officials prior to the arrival of the new Director of Morila S.A. in October 2005. During a talk, the Mayor of Sanso told us in effect that he had not been involved in administering the community fund until 2006, when the new Director set up a committee of local officials to administer it. Since 2000, Morila S.A. has built a number of buildings in the four townships around the mine and charged them to the fund:

- in Sanso: 9 classrooms (6 cement and 3 wood);
- in Doumba: three classrooms, an office for the school principal, latrines and a well;
- in Morila: a school
- in Sangola: a school

10 teachers were recruited and their salaries paid by the

fund. Last but not least, approximately US\$ 30,000 is spent every year to support the police station in Sanso (salaries and infrastructure).

The fund was also used to install electricity in the mosque, on the public square, in a maternity clinic and at the adult training centre in the villages of Fadia, Tina, Sinsin I and II, Kéniéréla and Moutorola, as well as the equipment of the health centre in Sanso and the construction of a maternity clinic<sup>42</sup>.

The new system introduced by the new Director of Morila S.A, Richard Le Sueur, consists in involving the local population in determining the use to which this fund is put. Since January 2006, a local development committee has been set up that brings together the traditional chiefs of the four townships, the Mayor of Sanso, the Sub-Prefect and representatives of associations of young people, women's associations and the hunters' association. The committee meets once a month under the talking tree to discuss needs and agree on projects to be funded by the community development fund. This programme is quite recent; but Morila S.A. still has the last word regarding projects that receive financing.

Last but not least, Morila S.A. management told the FIDH mission that although they would like above all to encourage sustainable development projects, they had financed the construction of two mosques in 2001 because these had been requested by the villagers.

#### *Respect for economic and social rights?*

Management by the company of community development project raises several questions regarding the degree to which the economic and social rights of the population are taken into account. First of all, the company has the final say in which projects will be funded, in accordance with its own assessment of what constitutes "sustainable development".

Next, the amounts allocated to community development are small, and do not, for example, allow all community members to realize their right to education. Schools and classrooms that have been built have over 100 pupils per class. Prior to the installation of the mine, Sanso was a small village with a one-room schoolhouse. The arrival of the mine prompted construction of classrooms but also increased tenfold the population of the Sanso region, raising educational infrastructure requirements. Sanso is

no exception in Mali, where classes are excessively large, raising the broader issue of the realisation of the right to education. In addition, community development projects do not meet all the needs of the communities. The right to housing is realized for foreign mine workers only, who have newly-built houses with electricity and running water while the rest of the village continues to do without these amenities.

It is also important to point out that the projects funded only receive short-term financing, since the Morila mine is expected to operate for only 15 years. Local development, to be effective, has to be carried out over the long term.

### *What happens after the mine?*

While they fear deterioration of their environment and are victims of displacement, populations often see the arrival of mines as bringing hope of employment. However, according to the managers of Morila S.A. and SOMADDEX, the jobs available in industrial mines require, in most cases, qualifications which the local population of farmers do not have. Thus, the management of the Morila S.A. mine says that only 20% of their employees are from the four Sanso townships and they regret that the local population appears to be neglecting agriculture, hoping to work in the mine, which offers wages two to three times the national average.

The closure of the mine will leave the region to its own devices once again, while the projects currently being developed by the community development fund will not provide long-term benefits to foster respect for the economic, social and cultural rights of the population.

### **b) The SEMOS local development programme**

Sadiola is the second mine in terms of performance, after Morila, although it was opened earlier, in 1997. Its construction and enlargement required the displacement of three villages (Sadiola, Farabakouta, Niamboulouma). The mining company took various measures and introduced welfare programmes to offset the impact of the moves. The measures consisted mainly in rebuilding the houses of the three villages, along with a mosque, a dispensary, a school, and government offices<sup>43</sup>. The inhabitants also received financial compensation for the loss of agricultural equipment and for their establishment. These measures however did not enable the population to attain the same standard of living as before the move. The

newly built houses show cracks caused by the explosions on the mining site. Also, the increased activity has increased the local population, causing social disturbances.

Mali government officials in charge of re-establishment and compensation apparently supervised the displacement. However, a paper submitted in the framework of the Round Tables organised by the Canadian government in November 2006 on the social responsibility of Canadian mining companies and industries in developing countries stressed the fact that the local or national authorities lacked the competence required for fulfilling their responsibilities, such as managing local development programmes or supervising the activities of the mine<sup>44</sup>.

The Mayor of Sadiola also denounced the environmental and public health problems that beset the inhabitants of the region since the opening of the mine.

The mine is operated by SEMOS, a company established under the law of Mali, owned by AngloGold (40%), Iamgold (40%), the State of Mali (18%), and the International Finance Corporation (2%), on the territory of Sadiola. Its opening led to a substantial increase in population owing to the influx of migrant workers, and consequently to the development of the local economy. However the welfare programmes were slow in coming, and are far from meeting the present needs of the population.

In 2003, an Action Plan for Integrated Development drawn up by SEMOS and the International Finance Corporation laid down the basis and the terms of reference for the social action to be undertaken in support of the development of all the communities affected by the mining project.

The document defining the Action Plan was only drafted in 2003, but it describes the measures taken in favour of community development since 1999. In 1999 SEMOS appointed an expatriate as coordinator charged with initiating community development projects; a Malian coordinator replaced him in 2001. The coordinator is assisted by two activity leaders from the villages, as specified by the terms of reference. A Foundation for the development of Sadiola was set up in November 2000 in order to manage the mine's community development fund, which was set up at the start of operations.

Eight communities were singled out for benefiting from the

Action Plan: six from the start, plus two more that had to be moved when the mine was enlarged. US\$60,000 are set aside each year for the community development fund. The Action Plan is based on the expert advice of a local NGO, ASERNI<sup>45</sup>, and on a socio-economic study carried out by ASERNI on the living conditions of the villagers before being moved when the mine was enlarged.

The Foundation plans to support projects in three areas:

- The granting of micro-credits for small enterprises (village shops, tailors, grain-mills, irrigated gardens, poultry farms...)
- Infrastructure projects (wells, dikes...)
- Training workshops for local entrepreneurs.

However, although the project constantly stresses the importance of community participation, it should be noted that the terms of reference were only published four years after the fund that was supposed to require community participation was set up. The activities proposed insist on the need to train local actors in the implementation of the projects. And yet the only copy of the terms of reference we were given was in English, which considerably limits the possibility for local leaders to take part in the decision process. And the facts would seem to bear this out: a hospital was built on the site of the mine, but it is only accessible to the employees of the mine and their families, and therefore does not serve the rest of the population of the region.

On the other hand, SEMOS has developed durable local infrastructure for reaching the mine: the Kayes airport and a road from Kayes to Sadiola.

The integrated development plan, as presented by SEMOS, lacks an overall strategic vision of the long-term development of the region. The recruitment of consultants, the strategic planning, the choice of projects and the training of the local population only cover a period of six months. The population is only involved in the implementation of the projects at the final stages.

The cooperation scheme proposed in the SEMOS Action Plan for Integrated Development (PADI) provides for close collaboration between international technical experts, local representatives and members of an NGO working in the field, supposed to lead to the implementation of development projects for the communities in the neighbourhood of the mine from 2003 onwards<sup>46</sup>. Until 2002, the projects initiated by the SEMOS community fund

were of two kinds: community projects (building of a dam, of schoolrooms, literacy classes for the population in the Malinké language, the digging of a well), and individual projects (interest-free loans for private initiatives)<sup>47</sup>.

For instance, the SEMOS community development fund enabled six new primary school classrooms and three secondary school classrooms to be built. According to the GUAMINA report, the new classrooms are not enough to cater for the population explosion caused by the opening of the mine, and, like in the rest of Mali, classes are still overcrowded and the dropout rate is rising.

SEMOS had accepted to offset the displacement of villages by providing transport for the children to the nearest school, but the measure only lasted for a year.

Lastly, the SEMOS Action Plan devotes considerable space to the closure of the mine. The Integrated Development Plan includes the "Closure Plan for the Mine", as required by the World Bank for granting a loan for a mining project. The Action Plan is more concerned with the strategy for ceasing activity than with the development needs of the population.

Since 2004 SEMOS has been in conflict with the local representatives, in particular the deputy Mayor of Sadiola, owing to the deterioration in the general state of health of the local population, attributed to the pollution caused by the exploitation of the mine<sup>48</sup>. Whereas at Morila no major environmental problem has so far been reported, Sadiola is an older mine situated in a region where there is more dust, and there have been increasing complaints about air and water pollution.

### **B/ Right to health**

Although the Morila S.A development fund has financed a maternity home and SEMOS has built a hospital in Sadiola, realization of the right to health is far from having benefited from the two mining projects.

The local populations in fact have very unequal access to health facilities. In both cases, the health centres are only open to mine workers and their families. Unemployed families do not have access to them, or have to pay, which being under-employed is of course impossible for them. Morila workers told us of several cases of miners who lost their job following an incapacitating industrial accident, and who were denied the necessary treatment for lack of



means. Such practices not only violate labour rights, but also the workers' right to a satisfactory state of health.

The arrival of large numbers of migrant workers in these rural communities has also led to the development of prostitution and an increase in sexually transmitted diseases. HIV/AIDS has developed at both mining sites. Such an impact had been foreseen by the Report on the environmental impact of the Morila goldmine, submitted by Randgold Resources in 1999. In order to counter such an impact, the report recommended in particular a continuing communication programme with the villagers of the neighbouring communities, with the setting up of a liaison committee. There were also to be very extensive educational programmes, medical protocols for the treatment of infected patients, and regular monitoring of the prevalence of the disease. Before the mines arrived, HIV/AIDS was practically unknown in the area. The report stressed the importance of informing the local populations of the possible impact, and of providing adequate medical services on the site. Despite these recommendations, however, very little was done to deal with the epidemic. When we visited the site we were able to see a notice board with information on the matter, but the management did not say there were actively dealing with the subject, leaving it to everyone's discretion.

### **C/ Obligations concerning the protection of the environment**

The 1999 Mining Code contains specific obligations, in particular requiring mining companies to provide an environmental assessment study as a prerequisite for obtaining an exploitation licence. Whereas in matters of taxation companies having signed establishment agreements before the new Code was adopted in 1999 can continue to benefit from the provisions of the 1991 Mining Code, this is not the case for environmental obligations.

Under the 1999 Mining Code, companies established in Mali must:

- Submit an environmental impact assessment (Article 9)
- Rehabilitate the site once the mining activity has ceased (Article 123 for quarry operators and Article 121 for the holder of the mining permit)
- Submit a study on the environment of the site before installing the mine (Article 120)
- Present annual reports on the way the environment has evolved (Article 121)

These studies are available at the companies' headquarters in Bamako, on request and with the written authorisation of the Director General of Mines.

According to the management of Morila S.A., all environmental precautions are taken for daily monitoring of the ground water, the runoff from the tailings impoundments where the cyanide-treated ore is processed, and the neighbouring vegetation. The precautions even go so far as to recruit the local hunters for shooting birds that alight on the basins, in order to prevent contamination. Morila is a recent mine, and we were not informed of any major environmental problems. The management also showed us the studies already under way for filling up the mine once exploitation ceases. They follow the present recommendations of the World Bank on mine closure. The World Bank effectively supports more and more early development of a closure plan, which it sometimes helps to finance<sup>49</sup>.

Such mine closure plans were apparently not included in the development of the Syama mine, or have not been implemented. For when Syama ceased operations in 2001, the installations were just abandoned, the mine and the pit lake left as they were, exposed to the air. The installations can be seen from the road that borders the old mine, to which access is still controlled by a gendarmerie post. No in-depth study has been commissioned to check the damage caused to the environment during the exploitation<sup>50</sup>. Subsequent studies have shown that the underlying ground water has been contaminated by the spill from a tailings impoundment that had not been properly built for processing sulfide-rich ore. The Oxfam report also shows that the soils were contaminated by the seepage of oils and fuels, and that the process plant equipment was not capable of preventing air pollution by particles emitted during the extraction and the drying-up of the impoundments. As for the intention expressed by Randgold to remediate some of the damage, nothing has yet been done. There are presently proposals to re-open Syama, perhaps linked to the recent increase in the price of gold.

The question of air and water pollution is also an issue in the present conflict between the residents of the Sadiola area, represented by the Deputy Mayor of Sadiola, and SEMOS.

The National Directorate for Hygiene and Health has undertaken a public health enquiry on the environmental

and sanitary situation in the communities affected by the Sadiola mine. The enquiry, financed by SEMOS, was planned in two parts: The first part was to be a socio-demographic study based on enquiries among the population, and the second a biological and chemical laboratory investigation. The first part was carried out early in 2005, and revealed a large number of cases of pulmonary disease and stillbirths in the villages surrounding the mine. The National Directorate waited for several months for funds for carrying out the second part of the enquiry, designed to confirm the results of the interviews. Funds were finally released, and the National Directorate's environmental study is put to the environmental credit of the South African company, AngloGold Ashanti, in its 2006 annual report<sup>51</sup>. The mining company therefore has the power to accept environmental and health monitoring of its exploitation. The Government of Mali does not seem to have the means to commission enquiries of this kind, which raises a serious problem of transparency and credibility in terms of the environmental surveillance of gold mining. Thus, lacking the financial means for monitoring the mining companies' environmental impact, the government delegates the responsibility to the company itself. And yet the International Covenant on Economic, Social and Cultural Rights makes it mandatory for States to protect the right to health, requiring them "to take measures that prevent third parties from interfering with article 12 guarantees<sup>52</sup>".

The various reports that the mining companies have to submit, during the exploitation of the mine, on the state of the environment in and around the mine, and on related social problems, are placed under the responsibility of the companies themselves, who can declare more or less what they want, owing to the almost total absence of any monitoring process on the part of the State, and the difficulty in obtaining the reports.

### **D/ Workers' Rights**

#### **a) Right to equal opportunities and to non-discriminatory treatment**

Despite being run by expatriates from the major shareholder company, the enterprises established under Malian law whom we met were pursuing a policy of "Malinisation" of the executives. At Morila S.A., for instance, at the time of our mission each foreign executive was training a Malian executive to take his place. This, however, was not the case for Morila S.A.'s subcontractor, SOMADEx.

Nonetheless, as we saw in the case of Morila, and the situation is the same at Sadiola, equal opportunities for the local population with regard to employment are difficult to implement owing to the inadequate basic education of the population.

#### **b) Respect for the labour agreement**

According to the spirit of Article 58 of the Labour Code, changes in the labour agreement can be proposed at any time by one of the parties. If one of the parties refuses to accept the change, the party having proposed the change is free to break off the contract, respecting the rules in force, in particular in cases of dismissal. That party thereby assumes liability for the breach of contract. In the case of Somadex, the strikers accuse the chief of personnel of having unilaterally altered their labour agreements. They hold that he changed the nature of the contracts, (from unspecified duration to fixed term contract) and reduced their seniority in the company, giving rise to the case known as the "case of the false contracts".

The mission was unable to see the contracts and to compare them, in order to form an opinion. The most surprising feature in the case is that despite the dispute, none of the parties have taken the matter to court.

#### **c) The performance bonus**

The bonus specified in Articles 63 and 65 of the collective-bargaining agreement signed between the AngloGold, Rangold and Somadex companies and the State of Mali, is one of the claims of the Somadex strikers. According to the agreement, the bonus is due whenever production exceeds the planned volume.

Morila S.A.'s gold reserve being estimated at 120 tons, for a mine with an expected period of activity of 11 years, the planned volume was set at 11 tons per year. The figure was however exceeded in 2001 (23 tons), in 2002 (38 tons) and in 2003 (16 tons).

The workers were accordingly entitled to a performance bonus, which the employer refused to recognise, refusing to pay the workers the monies owed. The workers had to take the matter to court, which ruled that the employer was at fault, for the company to recognise the obligation to pay and to accept to negotiate the amount of the bonus, and to pay it.

#### d) Workers' living conditions

The Mining Code also contains provisions mentioned above concerning the workers' rights and the obligation incumbent upon the company to provide housing for the workers "in conditions of hygiene and health defined by law" (Article 125). Such obligations include the provision of housing in conditions that comply with the existing legislation; the company must however also comply with the legislation on the repair of industrial accidents and professional diseases, and contribute to the improvement of health and school infrastructure "corresponding to the normal requirements of workers and their families" and "to the organisation of local leisure facilities for the personnel and their families". (Articles 215d and 24 of the collective-bargaining agreement).

As we saw in the description of the local development fund, these obligations are in appearance fulfilled by the companies, which present them under the heading of local development. It is true that the workers have houses with electricity, and a social centre with television. But at the same time, the local population still has no individual access to electricity. And the health facilities are accessible to the workers so long as they remain workers.

#### e) Working Conditions

The recent trade union demands at Morila show that workers' rights continue to be violated, some of the cases being fairly serious. One of the demands of the former trade union committee at SOMADDEX, the subcontractor carrying out the extraction for Morila S.A., was about the on-site health facilities. Whereas mining is one of the activities most prone to serious industrial accidents, Somadex only had a sickbay visited by a part-time doctor. At Morila S.A., there seems to be a full-time doctor, but according to the information we received the Morila S.A. dispensary is apparently not easily accessible to Somadex employees.

However, since the dispute between the trade union committee and Somadex, the company has at last set up a proper dispensary.

#### E / Right to Individual Security

The situation we found in connexion with the Morila S.A. local development fund, i.e. the financing of the local gendarmerie, is not an exception, and seems to be the general practice among mining companies in the region. Our enquiry in Burkina Faso revealed that the Canadian companies setting up to the north of Ouagadougou were also planning to finance local gendarmerie posts under the local development project.

According to the Burkina Faso Minister of Mines, this is a way of rewarding the security forces for the increased workload caused by the massive influx of thousands of migrant workers employed by the mines, without the government having to revise the collective bargaining agreement for State employees. In addition, alongside the police or military forces engaged in site surveillance, the companies also pay the local hunters' associations for the same purpose.

Such a situation poses several problems concerning the security of local communities. The fact that the security forces are financially dependent on private interests raises doubts about respect for the right not to be subjected to arbitrary arrest or detention, as guaranteed by Article 9 of the Covenant on Civil and Political Rights.

The example of Morila, where 9 former workers were held in custody for 14 months for the strange explosion of two Somadex buses in front of the gendarmerie, illustrates the danger of such collusion between security forces and private companies.

#### **Shortcomings on the part of the gendarmerie and the judiciary: the case of Morila and the Bougouni detainees**

On September 14, 2005, at 3.50 a.m., two buses chartered by Somadex and parked a dozen metres from the Sanso gendarmerie post, went on fire. The incident took place after several months of a dispute between the trade union committee and the management of Somadex, the company exploiting the Morila mine.

The climax of the dispute was a 72-hour strike early in July 2005. During the whole of the summer, the dialogue was at a standstill, despite attempts at mediation by the central trade union organisations and the Malian political and administrative authorities. 311 out of the 500-odd employees refused to go back to work, and the tension between



strikers, non-strikers and the management spread to the nearby village of Sanso, where the mineworkers live.

In the hours following the fire, the gendarmes detained 32 persons for complicity in an act of arson. All the accused were former strikers, who declared their innocence. A number of elements cast doubt on the motivation behind their arrest and the conduct of the enquiry.

\* The gendarmes who were asleep close to where the buses took fire saw nothing and heard nothing;

\* The possibility of an accidental fire was not investigated, although the gendarmes stated that the engine of one of the buses was still switched on.

Furthermore, the ties between the gendarmerie and Somadex are, to say the least, disturbing. In the framework of the financing of the local communities where it is established, Morila S.A. (the company which subcontracts to Somadex the extraction of the ore) subsidises the salaries of the Sanso gendarmes. And the gendarmes recognise, in the contextual description of their investigation, that they had received shortly before the incident a list of about thirty "main ringleaders" of the protest movement, to be watched closely. The list had been sent to them by the Somadex personnel management...

After appearing before the Bougouni Judge of Peace, 23 of the 32 accused were released on bail after spending one month and six days in pre-trial detention. According to the nine other accused, they are kept in detention because of their reputation as leaders of the protest movement. Mamadou Sogoba, for instance, was responsible for putting up the trade union posters; it was in Adama Troaré's home that the trade union committee met; Karim Guindo is the administrative secretary of the committee, but states that he was not in Sanso on the day of the fire; Omar Touré, a former miner fired by the company, has remained close to the trade union committee.

The conditions under which the prisoners are crammed together in detention in Bougouni, as witnessed by the mission, are deplorable (scanty food, supplemented from time to time by the families of some of the detainees at the cost of considerable efforts, a total lack of hygiene, which, exacerbated by the exiguity of the cells and the stifling heat, led to skin problems in all the detainees met).

The detainees were finally released after 14 months' detention, in November 2006, and are still awaiting judgement.

#### *Limits of Corporate responsibility*

Under pressure from the civil society organisations and the international community, the companies are trying to adopt measures in response to the criticisms levelled against them. To that end they set up a community development fund, perhaps pay for environmental impact studies, or facilitate the financing of the trade unions. As we have seen however, such programmes are far from solving all the problems in Mali. The local development funds correspond more to the demands of the international funding organisations and the provisions of the 1999 Mining Code than to the real needs of the population.

When all is said and done, each of the supposed advantages of the exploitations carries with it its train of disadvantages: the highly competitive salaries paid to Malian engineers siphon off the competent civil servants from government ministries; the community projects have a limited impact on the country's development, and it is difficult to trace the real income in the labyrinth of public finance.

In addition, private ventures, in particular of foreign origin, reach their limits when it comes to local development, and corporate culture is perhaps not the best suited for implementing social programmes. And the States seem powerless, and are incapable of fulfilling their monitoring obligations and of ensuring respect for Human Rights, although they have recognised them.

For if a company finances the building of a classroom, it is the State that is responsible for the curriculum and the quality of the training of the teachers. The State should therefore take advantage of the presence of the companies and their financial contribution for improving the realisation of economic, social and cultural rights. And yet the monitoring of the companies by the State appears to be sorely inadequate. The State is dependent upon these private actors, and seems unable to impose strict control over the companies.

The long-term impact is also difficult to assess: Morila, the largest goldmine in Mali, is still young, and the population

has not yet started to complain of health or environmental problems. Morila S.A. assures that it is taking steps to prevent all risk of pollution, but without effective State monitoring how can one be sure that the measures will be properly implemented?

Mali is party to two International Covenants, on Civil and Political rights, and on Economic, Social and Cultural Rights. The report of the Special Representative of the Secretary General of the United Nations on Business and Human Rights, Mr. John Ruggie, presented to the Commission on Human Rights on February 22, 2006, recalls that even if corporations have more and more power because of their economic weight, States are still

the main entities responsible for fulfilling Human Rights obligations. The right to security, education, housing, employment, are embedded in the Malian Constitution. And yet the State does not seem to have the means of carrying out its duties towards the population. The lapses of the State, and the lack of clarity in the organisation of gold mining in Mali has met with the disapproval of several parliamentarians, and in May 2006 a parliamentary commission presented a report to the National Assembly on the problems of the industry.

(See box below "Parliament exercises theoretical supervision").

---

36. On line on the World Bank website:

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20127269%7emenuPK:34480%7epagePK:34370%7etheSitePK:4607,0.html>

37. Bonnie Campbell, "The rules of the game" ou la production de nouveaux cadres normatifs" in *Inégalités et politiques publiques en Afrique. Pluralité des normes et jeux d'acteurs*, ed. Gérard Winter, Karthala, IRD, Paris, 2001, pp.301-323.

38. Human Rights Commission, Human Rights Sub-committee, "Rapport de la Haut-Commissaire des Nations Unies aux droits de l'homme sur la responsabilité en matière de droits de l'homme des sociétés transnationales et autres entreprises", Doc. Off. NU, E/CN.4/2005/91, 15 February 2005.

39. Sub-committee on promoting and protecting human rights, *Responsabilité des entreprises transnationales et autres industries commerciales en matière de droits de l'Homme*, Doc. off. NU, E/CN.4/Sub.2/2003/16, August 2003, article 1.

40. "Firm responsibility for companies" by Sanchia Tempkin, in *Business day*, 13 June 2006,

<http://www.businessday.co.za/articles/economy.aspx?ID=BD4A215267>

41. Global Compact website, list of "non-communicating companies"

[http://www.unglobalcompact.org/CommunicatingProgress/non\\_communicating.html?submit\\_x=page&pc=25&pn=1](http://www.unglobalcompact.org/CommunicatingProgress/non_communicating.html?submit_x=page&pc=25&pn=1)

42. See the "Rapport de suivi and de contrôle des sociétés d'exploitation minière". Sadiola-Morila-Yatela. Situation at 30 June 2002. Report published in August 2004 by the Direction nationale générale des mines. Bamako, Mali.

43. Julien Leblanc, "displacement of populations owing to mining projects supported by the World Bank in Sub-Saharan Africa: Structural constraints to the prevention of risks of impoverishment", *Paper submitted to MAECI in the framework of national Round Tables on the social responsibility of Canadian mining companies and industries in developing countries*. November 2006, p. 13 online:

[http://www.er.uqam.ca/nobel/poissant/IMG/pdf/JLeblanc\\_memoire\\_RSE\\_IE\\_deplacements\\_de\\_population.pdf](http://www.er.uqam.ca/nobel/poissant/IMG/pdf/JLeblanc_memoire_RSE_IE_deplacements_de_population.pdf)

44. *Idem*, p. 15.

45. Association for the study of the development of natural resources and institutions.

46. The PADI terms of reference were published in 2003.

47. Direction Nationale Générale des Mines, "Follow-up and monitoring report on the mining companies. Sadiola-Morila-Yatela. Situation as of June 30, 2002", published in August 2004.

48. Institut National de recherche en Santé Publique, *Epidemiological survey in the gold-mining areas of Sadiola and Yatela, Kayes region, Republic of Mali. Phase one: Socio-demographic study*, Ministry of Health, 2005.

49. World Bank and International Finance Corporation, It's not over when it's over, Mining and Development, 2002, online at:

<http://siteresources.worldbank.org/INTOGMC/Resources/notoverwhenover.pdf>

50. As shown by Robert Moran's study for Oxfam-America, "Tarnished Legacy: A Social and Environmental Analysis of Mali's Syama Goldmine", February 2004.

51. According to the Anglogold Ashanti report published in March 2007 "Country report 2006 – Mali, Sadiola and Yatéla" (online:

<http://www.ashantigold.com/subwebs/InformationForInvestors/ReportToSociety06/files/Sadiola>), the second phase of the project is underway and results are expected during the fourth quarter of 2007.

52. General Comment No. 14 (2000). The right to the highest attainable standard of health (article 12 of the International Covenant on Economic, Social and Cultural Rights), para 33.

## PART II: GOLD DOES NOT CONTRIBUTE TO THE REALISATION OF ECONOMIC AND SOCIAL RIGHTS IN MALI

*“Natural resources are of no use if they do not change peoples’ lives”,  
Ahmed Diane Semega, Mali Minister of Mines and Energy*

Mali is poor. Very poor. Almost the poorest. To be precise, number 175 on the list of 177 States for which the United Nations calculates the indices of human development<sup>53</sup>. Chad is just ahead of Mali, and Burkina Faso and Niger are just behind: Sub-Saharan Africa pays the heaviest toll to abject poverty. According to the World Bank<sup>54</sup>, the Mali per capita gross national product (GNP) is 380 dollars, while the average for Sub-Saharan Africa is 745 dollars.

A few statistics are enough to prove that a number of elementary Human Rights, in particular those guaranteed by the ICESCR, are flouted in Mali. “It should be noted however that some of those rights are not yet recognised in Mali, such as the right to security in case of disease or unemployment, and the right to an adequate standard of living”, as confirmed, were it necessary, by UNDP<sup>55</sup>. And yet in ratifying the ICESCR, Mali undertook to respect, protect and implement those rights, including by legislative measures.

### - Standard of living:

From 1990 to 2003, 72,3% of Malians had less than a dollar a day to live on. 90,6% have less than two dollars a day. Nine out of ten Malians, i.e. over 12 million people, are subjected to dire poverty. And one out of two Malians is under the age of 15. In 2015 the population should exceed 18 million, of whom 40% will be living in towns (against 32% today). And today, at the start of the 21st century, just as at the beginning of the nineties, 29% of the population hasn't enough to eat.

### - Health:

Life expectancy is 48 years (It was 38 years at the start of the seventies). Men have a 40% chance of reaching the age of 65 (44% for women).

The fertility rate is 6.9 children per woman.

Infantile mortality is 122 for 1,000 newborns. The mortality rate for children under 5 is 220 per 1,000 children.

Less than one out of two Malians has access to health facilities.

Less than one out of two Malians has access to drinking water.

### - Education:

The literacy rate is 19%.

The percentage of girls in full-time education is 53.7%, against 73.5% for boys<sup>56</sup>.

### - Employment:

With a total population of 13.5 million, the active population amounts to 5.2 million potential workers<sup>57</sup>. Only about one in five is paid by the so-called formal sector, and only one in twenty-five by the “modern formal” sector. In Mali the minimum wage was 24.529 CFA francs per month in 2003<sup>58</sup> (37 euros).

In order to reach the first Millennium Development Goal (reduction of extreme poverty and hunger), Mali would have to spend an extra 26 dollars per person each year in order to finance its public health system, i.e. 10% of its GDP<sup>59</sup>. It cannot afford it. In comparison, Official Development Aid in 2006 was 43.2 dollars per inhabitant<sup>60</sup>.

In its 2006 budget, the government of Mali planned to allocate 30% of expenditures to education, 10% to health, 9% to the social sectors and 20% to the authorities and the administration<sup>61</sup>.

During the whole of the nineties, public investment in education and health never exceeded arms expenditure (2% of GDP).

## 1) A self-sufficient gold industry

In the face of this, the gold war has little collateral : gold is a «raw product with little added value ». The result ? The mining industry is disconnected from the economy, having only very little to offer it. Or as the World Bank has put it : “the macro-economic figures are less meaningful since the mining industry is the most isolated of Mali’s economy<sup>62</sup>.”

To put it plainly, Mali isn't benefiting from the current gold rush. According to the IMF<sup>63</sup>, "the direct impact on reducing poverty and on national revenue will be small, because the closed nature of the industry requires technologies that carry significant capitalist weight." Thus while investors grow rich, Malians don't. What's more, "the rise in international gold prices will line tax collectors' pockets and increase the capacity for exploration and exploitation of the mining industry, but the direct economic effects on the workforce and input locations will be relatively modest."<sup>64</sup> Thus, gold is not a driving force for Malian industry. The vast majority of gold extracted in Mali is exported to South Africa (more than 159 billion FCFA, or 59.2% of the total gold export) and to Switzerland (40.8%).<sup>65</sup> Mali's yellow metal is therefore refined abroad.

The idea of creating a true gold-mining network in Mali rears its head repeatedly in public debate. Most recently, the National Assembly has recommended that the government "undertake an audit of the production of gold and the installation of refineries for mining resources"<sup>66</sup>. But the small quantities refined in Mali and the extracting companies' interest in nurturing their treatment plants in South Africa - the African country with the fastest falling rate of production - make this approach unfeasible.

The reasons for the self-sufficiency of the gold industry are twofold:

-The first is inherent in the fact that Mali's mining industry uses little manpower. While cotton feeds 3.3 million people working on 200,000 plantations, mines officially employ 12,000 people, or barely a tenth of the number of employees in formal industry<sup>67</sup>; Mali's informal economy made up 41% of the economy in 1999/2000<sup>68</sup>. However, in practice, it takes less than 3,000 people to work the two principal mines in the country, Sadiola (1,200) and Morila (1,500 to work the Morila

mine, of which 700 are subcontractors). A new mine such as Loulo created 1,100 jobs. These figures include expatriates, though more than nine jobs out of ten are filled by Malians.

- The second is inherent in the structural idiosyncrasies of the Malian economy: first and foremost the fact that the country is hemmed in by 7,000 kms of borders with seven countries<sup>69</sup>, together with the dilapidation of its infrastructures, namely its roads. Then, under-industrialisation, common to all Africa (with the exception of South Africa), and a secondary production sector that's desperately marginal (17.9% of the PIB in 2004)

- All commentators agree on one point: the pressing need for Mali to diversify its economy, which is unusually exposed to the primary sector. This certainty forces the World Bank to face up to the contradictions of its double-edged discourse, which, when addressing the Malian government, promotes diversification towards two "growing" industries: tourism and new technologies, and plays up the three "opportunities" of the Malian economy to international investors: agriculture, cattle breeding and the mining industry, which "are without a doubt the areas that represent the greatest potential for investment"<sup>70</sup>.

- Thus, the majority of produce consumed in Mali is imported. For example, rampant urbanisation acts as a boost to the BTP industry which consumes one million tonnes of cement per year, all of it imported (though limestone exists in Mali, there are no cement works). "The deficit in capital goods is one crucial and characteristic aspect of Mali's very under-developed production system. It is worth noting that imports of production goods have remained stable over time, signalling an absence of driving force in the industrial sector and a degree of isolation that comes with capitalist renewal without investment", says the French Economic Mission<sup>71</sup>.

### How much does Mali make from gold ?

In the nine years between 1997 when Sadiola opened and 2005 when the Malian national assembly's Commission for Energy, Industry and Mines released its report, the country's four industrial gold mines injected 690,72 billion CFA francs into the Malian economy, that is to say 76,75 billion on average per year.

Of this total, the State accesses 49.4% (341.7 billion) via the public treasury. Then there are the suppliers<sup>72</sup> (294.4 billion CFA francs, 42.6%), paid to provide electricity, office materials, fuel and lubricants... 45.3 billion CFA francs were paid to employees over nine years, or 6.5% of mining income. So, local communities, who should have most to gain, benefited from just 9.2 billion CFA francs, or 1.3%<sup>73</sup>. It's no surprise that Sadiola is, by virtue of its age, the foremost contributor to Mali's income from gold (330.3 billion CFA francs, or 47.7%). But it is being caught up by Morila, opened three years later, which has already injected 276.3 billion CFA francs into the Malian economy, or 40% of the total. Lastly

Yatela (67 billion generated since 2000, or 10%) and Kalana, which has after one year of operation brought in 3.74 billion (0.5%), complete the country's mining resources.

690.72 billion CFA francs is equal to 30% of the value of Mali's gold export between 1997 and 2005, and is also the equivalent of what the Malian government spends on education and health in two years<sup>74</sup>. And it's the value of the commercialised gold from just the Sadiola mine between 1997 and 2002 (614.8 billion CFA francs<sup>75</sup>).

The figures published by the various mining companies differ significantly from the official figures. Hence the table below, communicated by the director of Morila S. A., Richard Lesueur, halves the estimates of the Mining Commission.

<b>MORILA</b>	<b>In billions of CFA francs</b>	<b>%</b>
<b>Contribution to the Malian economy between 2001 and April 2006</b>		
Dividends	54,78	39,4
CPS <sup>76</sup> & TVA	48,78	35,1
Salaries & taxes	21,57	15,5
Other taxes	7,91	5,7
Corporation taxes	3,49	2,5
Trading licence	1,27	0,9
Community development	0,81	0,6
Customs rights	0,33	0,2
<b>Total</b>	<b>138,95</b>	<b>100,0</b>

Source : document from Morila S.A..

In the spring of 2006, Mali began talks with the third sector with an eye to lending support to the EITI international initiative, according to Ahmed Diane Semega, Minister for mines<sup>77</sup>. Mali signed up in the summer of 2006 and asked the World Bank for support in putting the EITI into practice<sup>78</sup>. In the meantime, the latter promised the imminent publication of an independent audit on the management of mining resources.

## 2) The Failure of the Privatisation of Gold in Mali

### A/ The World Bank's policy to Attract Foreign Investors

#### *The promotional period*

Ever since the early 80's, Mali, where overinvestment reigns, is obliged by the international donors to carry out a

program of structural reform. In the early 90's the World Bank was concerned about the fact that Africa was benefiting less than Latin America and Asia from its mineral resources to boost growth. Private mining companies are avoiding Africa and investing less than 5% of sums used for world exploration in that area of the world. In Africa, more than anywhere else, the share of profits from production reinvested for prospection is very limited, i.e. 1% as opposed to 10% in the rest of the world. During the first decade starting in the year 2000, 55 million dollars were probably spent for exploration in Mali.

The donors have reached the following conclusion: African States are not well adapted to mining which is a capital-intensive industry and a risky one at that due to its volatility. They are too poor to undertake massive investments, too young to have the requisite technical capacities and the necessary management skills. The World Bank's instructions are: attract private partners, the only ones able



to ensure the competitiveness of this sector. In a nutshell, two major elements determine whether or not mining is profitable: the prevailing international price of gold, which by definition is volatile and uncontrollable, and the “attractiveness” of a given country, a variable going from the price of the kilowatt to conditions for redundancy to tax incentives, to possibilities for investing profits abroad...The World Bank<sup>79</sup> has offered to help mining countries to become “presentable” from the investors’ point of view. The tone has been set in this world mining jungle where international companies are shopping around and where States have to adjust.

The prevailing postulate today is posed (and imposed): private investors have a legitimate claim in stipulating a better return on investment in Africa because they feel that their activities there are more risky. States must play by the rules of this global game. The first act of this “international luxury lobby” was to ensure that governments draft an attractive mining code, the result of this being that in 1995 35 countries undertook to reform their codes. Mali did this in 1991. WTO is applauding<sup>80</sup>.

### *Disillusionment sets in*

In the early years after 2000, a country review led the World Bank group to change its conclusion as regards fifteen years of liberalisation, namely that foreign direct investments were “concentrated in the extraction sector and hence were hardly related to local conditions”<sup>81</sup>. In other words national efforts made to attract investors were almost worthless, added to which competition between States to attract global investors probably resulted in a winner’s curse<sup>82</sup>, namely a downward spiral “not only in terms of expected tax revenue but also as regards sacrificing the political solutions required for organising long-term dynamic growth”<sup>83</sup>. The conclusions of an independent survey<sup>84</sup> concerning the institutional activities of the World Bank in Africa are well grounded: the Bank has concentrated on some issues, forgetting the transversal nature of the problems (and in particular combating corruption), “leading to a long list of proposals with no priorities and based on limited technical solutions originating in institutional shortcomings”.

### *Irresponsibility sets in*

In September 2004 the persons in charge of the group presented an overview, ordered in 2000, of all the activities in the extraction sector (oil, gas and mining – IE). The

experts’ main recommendations were: “The World Bank Group has a permanent role to play in supporting IE’s only if this involvement leads to poverty reduction and sustainable development.” In this instance “if requested, we will also continue to help governments create political leadership and a regulatory system conducive to sustainable development of the country’s resources.”

As of now the World Bank gives priority to official objectives resulting in industrial profits reaching the poor. “We are strongly in favour of the principle according to which civil society should benefit from projects involving them.” This is the path which the World Bank intends to tread in 2006<sup>85</sup>. This does not involve putting tax pressure on private companies to invest in community initiatives and even less to put the mining sector in the government’s hands. The Bank intends on the contrary to “rebalance taxation in the mining sector so as to incite private companies to invest in initiatives within civil society and on a regional level.”, meaning that communities directly receive a growing share of profits. What’s more, “pressure exercised on mining companies to supply additional public services, in particular via the NGO’s, could increase” according to the IMF<sup>86</sup>. This in turn would diminish the role of the State in favour of companies, despite the risks that this involves for carrying out these missions.

This new policy has already been applied by the Malian authorities. «We want to emphasize communication. The dynamic interaction of mines with other sectors has to be stressed and their effect on local communities must be more visible” according to the Minister of Mines<sup>87</sup>.

“The impact of gold mining must be visible for the neighbouring communities which are affected by the inevitable pollution involved.”

## The Going Price of Gold and Investment Flows

Foreign investment flows are “basically independent of local conditions”<sup>88</sup> say World Bank experts. If so what makes the gold diggers run? Its price. When global gold prices increase rapidly global investments follow suit. In the past fifteen years the world market had one phase up to 1996 – an ounce (of gold) was at its peak: \$388 on a regular basis since 1994. Investors took the leap: in 1997 their expenditure was 2.5 billion dollars. This was too late. That same year the price of gold collapsed down to \$331 with the lowest level being in 2001 when an ounce was only worth \$271. Panic ensued. Investors lost interest and spent less each year reaching a historical trough in 2002 (\$586 million). Since then the price of gold has exploded and once again investments followed suit: up to a historical summit for an ounce of gold on the London Stock Exchange (LSE) at \$401 in 2004 for a total of 1.3 billion dollars invested. Despite incredible technological advances, gold prospectors were having problems in finding new lodes. In other words, looking for gold does not mean you find it. Needless to say a massive influx of fresh money in the mid 90’s made it possible to boost finds (74.9 million ounces in 1996). This relationship however became skewed between 1999 and 2001 when although there was a continuous decrease in investments in exploration finds progressed (multiplied by 3 between 1999 and 2001 reaching 19.2 million ounces of gold). Since that time despite the fact that investments are growing again finds are not keeping up with the trend (9.6 million ounces in 2003). However estimations are good. In their 4th review, June 2006, IMF experts expect an ounce of gold to be worth \$618 in 2006 and \$ 670 in 2007.

At this price, mines considered to be unproductive up to very recently were being brought back to life. Feasibility studies of mines such as Loulo, Kodiéran or Segala, Kalana ou Tabakoto were carried out on the basis of \$330 an ounce (in 2002 the price was between \$270 and \$290). The erratic life of Syama, Mali’s oldest industrial mine, is exemplary in this respect. Randgold put this mine to sleep in 2001. “As of 1997, production costs had increased to \$338 an ounce and world prices were fluctuating between \$345 and \$360 an ounce”<sup>89</sup>.

In December 2005 an ounce of gold was flirting with \$500 and an Australian operator, Resolute Mining, paid \$9.5 million for repurchasing the mine, of which \$1.2 million were for transaction costs. But Randgold did not entirely give up on the Syama treasure: if the price of gold went over \$350 an ounce, it would get \$10 an ounce on the first million (\$ per ounce) produced and \$5 an ounce on the 3 subsequent millions.

### *The Silence of the IFC*

The World Bank allocated \$775.3 million to Mali between 1993 and 2004. Furthermore, between 2000 and 2004 international aid amounted to an average of 9% of GDP. Over a longer period of time (1980-2000) foreign aid represented \$50 per capita per annum<sup>90</sup>. In the mining sector the World Bank invested \$108 million, of which \$102 million went via its subsidiary, IFC (the International Financial Corporation, IFC) towards the drafting of a new code, creation of new institutions to promote the mining sector, and for more detailed geological information<sup>91</sup>. Mali is the fifteenth African country borrowing via IDA (International Development Association)<sup>92</sup>. Moreover, IFC holds a minority of shares in Malian mines: 6% of Sadiola, and 5% of Syama (sold in 2006 with a view to the mine’s second existence). In 1995 IFC lent \$39.8 million to Sadiola and invested \$4.8 million there. IFC’s total budget expenditure for the period between 1993 and 1997 was evaluated at \$246 million, the fourth biggest project during that period of time. One year later, MIGA (multilateral agency for guaranteeing investments) underwrote \$50 million for the Anglo-American Corporation within the

framework of a project whose cost was evaluated at \$271 million<sup>93</sup>.

The philosophy of the World Bank agencies is to entrust these very special shareholders with clear missions calling for the respect of human rights. “ IFC and MIGA must evaluate the respect of human rights of the companies with which they work in order to guarantee that projects financed by the World Bank Group (WBG) are developed and implemented in conformity with standards of the Universal Declaration of Human Rights. IFC and MIGA are currently examining companies which have applied for a loan with a view to good global governance as well as the proper management of environmental and social issues. If and when human rights are considerably endangered, the review must dwell on these aspects in greater detail. This approach can become more feasible within the framework of the present IFC review emphasizing human rights<sup>94</sup>.16 Be that as it may, in Mali IFC is totally absent from the national debate on good governance for mineral resources. This is particularly clear in the case of the Syama mine which has been the object of accusations made by Oxfam<sup>95</sup>.

If we believe the announcement made in February 2006, namely that a “rigorous” reform of environmental and social standards has been completed<sup>96</sup>. IFC might come out of its lethargical state. In addition to obligations in terms of information and transparency, the investment company is now clearly showing a will to regularly check that projects in the private sector are compatible with sustainable development policies (respect of environmental standards, consultations with civil society, cooperation with NGO’s, taking into account the stakeholders’ points of view)<sup>97</sup>.

## **B/ The efforts of Mali to attract foreign investment**

Ironically, although it is one of the poorest countries, Mali has one of the sub-region’s best records in terms of growth: an average +5.6 % per year (as opposed to 3.2 % in Sub-Saharan Africa). The 2007 draft fiscal law<sup>98</sup> estimates economic growth at 5.4 % for the year.

In July 2003, Mali became one of the first African countries to reach the completion point under the Heavily Indebted Poor Countries Initiative<sup>99</sup> (HIPC initiative). The country has been a good debtor over the past three years (28.8 billion CFA francs disbursed, or 97.3% of quota, a realisation rate of 97.3 %). On July 19, 2006, the IMF completed its fourth review under the three year arrangement with Mali under the Poverty Reduction and

Growth Facility (PRGF), noting satisfactory progress. A new Country Assistance Strategy (CAS) for 2007-2010 is being negotiated. According to Allassane Diawara, the World Bank Country Manager for Mali, the Bank finances 14 projects, representing a total commitment of 572.4 million dollars, including 131.4 million approved in 2006 for three new programmes (agricultural diversification, support for rural communities, economic policy and public finance management credit) and 135 million in 2007. Whereas only 6 out of 10 investors have confidence in local judicial systems in the region, the number rises to 7 for Mali alone, even though this is the perception of private actors and does not reflect reality. The World Bank also considers Mali to be at the top of the list in Sub-Saharan Africa for investor protection<sup>100</sup>.

In fact, on the legal and regulatory fronts, the authorities have made every effort to attract international investors in the great competition of global free enterprise. Between 1992 and 2002, the State allocated 123.4 billion CFA francs to support the private sector<sup>101</sup>. In the mining sector, the 1991 and 1999 Codes are equally attractive (read 33). In August 2005 the government issued a new, extremely attractive investment code that extended tax exemptions. For example, the purchase of a public company in the process of privatisation entitles the purchaser to exemptions for 30 years from all taxes and duties related to the business.

### **Mali gold is the cheapest in Africa**

Despite the fact that Mali is landlocked and that the cost of electricity is exorbitant, mines in Mali are very competitive since they are opencast and salaries are very low. The worldwide accounts of AngloGold Ashanti, operator of the two principal mines in Mali, Sadiola and Morila, prove this<sup>102</sup> : the “cash cost”<sup>103</sup> of gold in Mali increased to 220 dollars per ounce in 2005, 80 dollars lower than in Tanzania or in Guinea, 100 dollars lower than in Namibia and 110 dollars lower than in neighbouring Ghana. In South Africa, a majority holding in the gold giant’s business portfolio, it costs 315 dollars to produce one ounce of gold – Savika is the mine where the costs are highest, at 430 dollars. Salaries account for half the production costs in South Africa, in fact. In August 2005, for the first time in 18 years in South Africa, 130,000 employees went on strike for salary increases<sup>104</sup>.

Thus costs in Mali appear to be the lowest in Africa and the country has the most competitive mine at Morila: 191 dollars per ounce in 2005 (184 dollars in 2004, 208 dollars in 2003), and despite a 44% increase in 2006 to a cost of 275 dollar per ounce. This feat is due to the exceptionally high gold content of the ore extracted. The operator’s presentation document lists specific details: it costs 1.27 dollars to extract a ton of ore and 7.28 dollars to process one ton, plus administrative costs of 3.75 dollars per ton and tax and duty of 23.8 dollars per ounce. The total production cost is 95 dollars per ounce. Increases in the price of gold, with costs that remain low, mean that profit margins continue to increase: from 108 dollars per ounce in 2003, 230 dollars in 2004 and 245 dollars in 2005<sup>105</sup>.



## C/ The vulnerability of foreign direct investments in Mali

This is not sufficient, however: not everyone is convinced, far from it. "On one hand the reforms undertaken since the end of the 1980s have not significantly improved the perception of Mali as an attractive proposition for investors other than in the extractive sector, and on the other hand, further measures are clearly necessary to continue to improve the business climate", notes a report commissioned by the World Bank<sup>106</sup>. According to the IZF<sup>107</sup>, Mali represents a "fairly high" risk, as do the Côte d'Ivoire and Cameroon, whereas Senegal and Burkina-Faso or Gabon represent "moderate" risk.

Despite the improved trade balance due to the increase in gold as one of its exports, Mali is not a convincing proposition. Because it remains a net importer, as do Benin and Uganda – the principal exporting countries are South Africa, Namibia, Nigeria and, to a lesser extent, Cameroon, Ghana and Mozambique - it suffers due to the increased cost of raw materials, principally that of petrol. Thus in June 2006 Eric Paget-Blanc, responsible for rating supranational stakeholders for the Fitch Ratings agency, expressed doubt concerning growth in Mali<sup>108</sup> and considered renewed debt likely in 2008. Mali therefore received a "B-" rating with a "stable" perspective, whereas Cameroon, the other State amongst those examined by the international ratings agency to receive a "B-", despite being weighed down by endemic corruption, enjoys a "positive" perspective.

The facts reflect this position. International actors who come to Mali to exploit its resources never make long-term local investment. President Amadou Toumani Touré has very effectively summed up the ostracism that his country suffers from foreign investors. In his speech to mark the opening of the new National Department of Geology and Mines (DNGM) building, he regretted that no mining company was interested in purchasing premises for their headquarters in Mali: all of them are leased!<sup>109</sup>

The whole of the economy of Mali suffers from ostracism on the part of foreign investors. "Long term growth is handicapped both by the poor rate of investment in the country and the poor rate of effectiveness of its investments. The rate of public-private investment was around 20.7 % of GDP between 1990 and 2000, which is low for an LDC like Mali with considerable resources in terms of large infrastructures and human capital", the European Community believes<sup>110</sup>. Direct foreign investment in Mali is erratic: it diminished in 2003 and increased in 2004 (27.6 billion CFA francs) and in the first

quarter of 2005 (36.4 billion CFA francs). Investment remains "far inferior to what is needed by Mali's economy"<sup>111</sup>. The secondary sector remains desperately marginal (17.9 % of GDP in 2004, a rise of 14 %). It is symptomatic that credit rates granted by the Mali banks to the private sector fell by 20 % in 2003/2004 to 5 % in 2004/2005. Note that French businesses are present in most sectors of the economy in Mali and form the backbone of the economy.

The rare flows of direct foreign investment (FDI) that find the way into Mali are thus "focused on the extractive sector"<sup>112</sup>. According to the United Nations<sup>113</sup>, 15 billion dollars were invested in the mining sector in Africa in 2004, representing 15 % of total worldwide foreign investment in the mining sector and an increase of 5 % since the mid-1980s. But investment is highly concentrated in specific countries of destination: whereas 48 % of total investment goes to South Africa and 7 % to Ghana, Mali does not even figure in the top five investment countries. Côte d'Ivoire is in fifth place, whilst the Democratic Republic of Congo is fourth and Mauritania third! These are three States that have been shaken by civil war and whose military Coups d'Etat are scarcely a guarantee of security for international investors. According to Ahmed Diane Semega, the Minister of Mines in Mali, when questioned by parliamentary representatives in May 2006, 55 million dollars had been invested in the mining sector in Mali between 1980 and 1995<sup>114</sup>. But FDIs finally increased from 139.2 % in 2002<sup>115</sup>, corroborating the relationship referred to earlier between international gold prices and total mining expenses.

- How much does a gold mine cost in Mali? The oldest mine still in activity, Sadiola, needed an investment of 280 million dollars, whilst its neighbour, Yatela, required 73 million dollars. In April 2005, when it purchased the Syama mine from Randgold Resources, the Australian company Resolute Mining<sup>116</sup> announced that it was investing 120 million dollars to rouse the old machinery from its five year lethargy and extract the remaining 6 million ounces of gold within twelve years. As for Loulo, the new nugget in Mali's gold-mining sector with 9.9 million ounces in reserve, Randgold Resources increased its capital in January 2005 to raise on the international markets the 103 million dollars investment necessary for the future underground extension to the mine. The Government of Mali does not have the capacity to finance all this.

## Mali's mining sector enterprises

Who will save Mali's gold? The people of Mali. With 55 of the 143 mining titles in circulation at the end of 2001, local investors are largely sleeping investors. Up to the present they have been happy to remain patient and speculate in the more or less short term on the sale of their titles – attributed by authorities that were too often vote seeking - to “junior” foreigners. Because keeping Mali gold “Mali” is a “voluntarist state policy”, as the Minister stated, the new Mining Code (1999) should encourage them to wake up and exploit deposits with a yield of under 10 tons of gold (the State was not then a shareholder). “A minimum investment of 4 million CFA francs is required to carry out a geological study of the terrain; this will create a selection process, you must prove that you are interested”, explained the Minister of Mines. For now, only two Mali investors are quoted as an example: Aliou Boubacar Diallo, head of the Kodiarian mine, who was a leading figure, and Oumar Diallo, known as “Birus”, a former aide-de-camp of Moussa Traoré, without whom the revolution on 26th March 1991<sup>117</sup> would not have taken place and who holds 50% of the mining company NewGold. For this trained engineer who studied in the USSR, as did most Malian geologists, Mali gold means not only the fiscal reward provided by the gold metal, but also the rise of a new generation of entrepreneurs. At Fabula, located a few kilometres from Kalana, Aliou Boubacar Diallo controls 80 % of the Wasulu Or mine, whose reserves are estimated at around 1.6 million ounces<sup>118</sup>.

A great deal of hope is placed in these small mines now. According to the World Bank they could slow down the inexorable fall in production in Mali and, according to the Minister, have a “knock-on effect on the economy”. But the odds are risky: out of 117 mining companies exploring the African subsoil, 34 are Australian, 53 are Canadian, 12 are European, 3 are American and only 12 are African<sup>119</sup>. In November 2006 the Mali National Union of Mining Operators (UNOMIN) joined forces with the English company Camec<sup>120</sup> operating out of Nigeria, with the 25 member operators of the former making their exploration licences available to the latter company, which is specialized in exploration. Bauxite, manganese and phosphates are on the shopping list.

53. Human Development report 2006 [www.undp.org/hdr2006/statistics](http://www.undp.org/hdr2006/statistics); Human Development report 2005 "Aid for the 21st century", World Bank. In a statement published by L'Essor n°15838, November 27, 2006, the government of Mali rejects this grading and the figures that set the life expectancy at 65.4 years and the literacy rate at 25.2%, [www.lemali.fr](http://www.lemali.fr)

54. "Mali at a glance", latest update August 13, 2006, World Bank

55. "Study on the human rights situation in Mali", UNDP, December 2002.

56. United Nations Programme for the Development of Mali, Gender equity, <http://www.ml.undp.org/html/bggender.htm>

57. "Fourth review of the three year agreement under the FRPC", IMF, Michael Nowak, Mark Plant, IMF, June 29, 2006, and "Growth support project", report n° 31388, World Bank, January 21, 2005.

58. "Investment Guide for Mali – opportunities and conditions", UNCTAD, March 2004.

59. Human Development report 2005 "Aid for the 21st century", World Bank

60. Nadel Ruedi Felber. The role of civil society organisations in the decentralisation process. Exploratory study in Mali, Swiss Federal Institute of Technology, Zurich, July 2006.

61. [www.izf.net](http://www.izf.net)

62. Technical paper n°181, Africa Technical Department series, mining unit, industry and energy, World Bank, 1992, quoted by GRAMA

63. "Fourth review of the three year agreement au titre de la FRPC », IMF, Michael Nowak, Mark Plant, IMF, 29 June 2006

64. *Ibid.*

65. « Summary report: Overseas Trading in Mali in 2006 », Minefi, DGTPE, 15 September 2006

66. Solutions project, National Assembly, May 2006

67. This is a very significant point: of an active population estimated at 5.2 million people, only 1.2 million work in the legal economy and of this already lesser portion, 21,500 jobs belong to the «modern formal», according to IMF terminology, "Fourth review of the three year agreement au titre de la FRPC », IMF, Michael Nowak, Mark Plant, IMF, 29 June 2006 and « Growth support project », report no. 31388 ML, World Bank, 21 January 2005

68. "Size and measurement of the informal economy in 110 countries around the world", Schneider F, Australian National Tax Centre workshop, 2002

69. Senegal, Guinea, Côte d'Ivoire, Burkina Faso, Niger, Algeria, Mauritania

## Mali - Mining and human rights

---

70. Guide to investing in Mali, March 2004, [www.unctad.org](http://www.unctad.org)
71. "Summary report: Overseas Trading in Mali in 2006", Minefi, DGTPE, 15 September 2006
72. The World Bank has published estimates that contradict these, reducing the figures by more than ... ??. Between 1997 and 2005, « on a macro-economic level, the mines' financial and economic contribution has been significant : since 1997, the mines have paid 40 billion CFA francs in taxes and have contributed a total of 150 billion CFA francs to the economy in terms of salaries, local purchases of goods and services, investment in local communities and other contributions » « Growth support project », report no. 31388 ML, World Bank, 21 January 2005
73. This distribution of the Malian beneficiaries of this natural resource is generally speaking the same as that described by the authors of the CMI report, who claim that, with the exception of private operators, 90% of the revenue generated by the two principal mines in Mali, Sadiola and Morila, comes back to the government, 8.9% to the workers and 0.5% to local communities.
74. These two industries represent respectively 30% and 10% of the outgoings budgeted by the government, of 836 billion CFA francs in 2005 and 935 billion in 2006, Finance law 2006, [www.izf.net](http://www.izf.net)
75. "Report to monitor the mining companies, situation at 30 June 2002", DNGM, August 2004
76. Contribution for services rendered (CPS)
77. Meeting with the authors, May 2006
78. "Africa's Gold Potential", Mark Keatley, speech by the Policy Division of the International Finance Corporation, (IFC), delivered at the World Gold Conference, London, 22 June 1992
79. Technical paper n°181, Africa Technical Department series, mining unit, industry World Bank, 1992, quoted by GRAMMA
80. "Diversification of export should strengthen Mali's trade" trade policy review, WTO, 1998
81. "Investment Climate Assessment", World Bank, June 2005
82. "Winner's curse"
83. "Economic development in Africa, rethinking the role of foreign direct investment, UNCTAD, 13 September 2005
84. An independant review of World Bank. Support to capacity building in Africa : the case of Mali", report n°32908, 14 May 2005.
85. "Mining royalties" a global study of their impact on investors, government and civil society" World Bank 2006
86. Forth review of the 3 year agreement within FRPC, FMI, Michael Nowak, Mark Plant, 29 June 2006
87. Discussion with the authors, May 2006.
88. "Investment Climate Assessment", World Bank, June 2005
89. Hidden Treasure? In search of Mali's gold-mining revenues, Oxfam America, February 2004
90. Mali- European Community Cooperation strategy and indicative program 2003-2007, 18 March 2003
91. "Mining reforms in Mali leave the country poorer", TWN Africa, 28/10/2005
92. An independent review of the World Bank. Support to capacity building in Africa: the case of Mali, report n° 32908, May 14th 2005
93. World Bank Group Assistance for mineral sector development and reform in member countries, April 1998.
94. Ibid
95. *A Tarnished Heritage: A Social and Environmental Analysis of the Syama Gold Mine*, Oxfam America, February 2004. Oxfam highlights the economic, social and environmental aspects of Malian mines on the poor local communities as well as the lack of information on this subject by the parties in charges of the mine and in particular the State and the IFC because of its shareholding in companies in that sector
96. [www.ifc.org](http://www.ifc.org)
97. Mission of the International Financial Corporation (IFC) <http://www.ifc.org/ifcext/french.nsf/Content/Mission>
98. [www.izf.net](http://www.izf.net)
99. Benin, Burkina-Faso, Cameroon, Ghana, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Tanzania, Uganda, Zambia, the HIPC Initiative African beneficiary countries, fact sheet: Debt Relief, IMF, September 2006
100. Country Brief, World Bank, September 2006
101. "Growth support project", report n°31388 ML, World Bank, 21 January 2005
102. Annual Report 2005, [www.anglogold.com](http://www.anglogold.com)
103. "Cash costs" are production costs at the place of production per unit of production. This includes the range of operations that are carried out at the extraction site: transport, refinery, administrative costs and royalties.
104. "Les compagnies aurifères affichent des trimestriels mitigés", Les Echos, 29 October 2005
105. "Fourth review of the three year agreement under the PRGF", IMF, Michael Nowak, Mark Plant, IMF, June 29, 2006
106. "Investment Climate Assessment", World Bank, June 2005
107. "Investir en Zone Franc", the website to promote investment in the CFA Franc Zone, [www.izf.net](http://www.izf.net)
108. "Soutenabilité de la dette et notation du risque souverain dans les pays africains post-PPTTE", Eric Paget-Blanc, Fitch Ratings, AfDB/OECD

## Mali - Mining and human rights

---

seminar "African Economic Outlook 2005/2006: a Two-speed Continent?" June 2006

109. Mali Minews Journal, the mining review, n°7, June 2006.

110. "Cooperation Strategy and National Indicative Programme 2003-2007", Mali-European Union, 18 March 2003

111. "African Economic Outlook", AfBD/OECD 2006

112. "Investment Climate Assessment", World Bank, June 2005

113. "Economic development in Africa, rethinking the role of foreign direct investment", UNCTAD, 13 September 2005

114. "Richesse minière du Mali: bonheur ou malédiction?", Info-Matin, 23 May 06

115. "Inauguration samedi de la mine d'or de Loulo", Panapress, 8 November 2005

116. "Resolute to increase Mali presence", 3 April 2006, [www.gold.org](http://www.gold.org)

117. The people of Mali toppled the single party regime led by Moussa Traore then in power, replacing it with a "Transitional committee for the people's safety" ("Comité transitoire pour le salut du peuple"), led by Lieutenant-Colonel Amadou Toumany Touré, before electing Alpha Oumar Konaré in February 1993.

118. "Mines d'or de Kalana et de Fabula : beaucoup d'espoir en jeu", l'Essor n°15132, 28 January 2004

119. "Exploration minière en Afrique et rôle des "juniors"", Fodé-Moussa Kéita, Groupe de Recherche sur les activités minières en Afrique, Conférence IEIM, Grama, 3 October 2006

120. "Recherche minière au Mali", l'Essor, 21 November 2006

## PART III: THE STATE, A GOLDEN PARTNER

As we have just seen, the free enterprise system that was locked in place by the international financial bodies and governments in the 1990s, through the extremely attractive mining codes that were drawn up, failed in macro-economic terms and was also a factor in destabilising the State. Not only does gold not make Mali rich, it also plays a part in destabilising the country.

According to the United Nations<sup>121</sup>, Ghana receives 5 % of the value of the gold it exports and Tanzania receives 10 % of its gold. Mali seems to come out fairly well in this context: in 2005 public income generated by gold was equivalent to 15.1 % of its exports (around 53 billion CFA francs). This ratio should remain stable in the coming years, but it is lower than in 2003, when it had reached 18.4 %. However, in the State budget, gold remains a minor resource, generating 9.9 % of total income in 2005. The increase in the price of gold on the international markets swells Mali's finances by 14 billion CFA francs (or 0.5% of the GDP<sup>122</sup>) when the price of an ounce of gold reaches 100 dollars, through the taxes and dividends levied by the State.

### 1) A schizophrenic Mining Code

In Mali, the Mining Code fixes the rules of the game for the redistribution of mining income. This is a founding text in national mining policy because it is "an evolving benchmark in the competition between the mining countries", according to Ahmed Diane Semega<sup>123</sup>, Minister of Mines. The first Code dates from the 1970s but it is the 1991 Code that marks a "revolutionary" turning point. Drawn up as part of the World Bank assistance programme, the Mali Code is marked by a liberal philosophy that envisages "a redefinition of the role and functions of the State with a view to creating a favourable climate for investment and the free play of market forces"<sup>124</sup>.

The 1991 Code transformed the role of the State, which changed from that of owner to that of regulator and tax collector. From this point on, there are two main channels of supply of public revenue: fiscal revenue (direct and indirect taxes, customs duty, licence fees) and the dividends the State earns from its minority share in the mines' capital (a maximum of 20 %, as is the case at Morila, Yatela and Loulo, or 18 % at Sadiola).

On the taxation front, the government of Mali has taken its inspiration from the Ghanaian model, one of the most liberal in the world. Tax exemptions are particularly attractive: the

first five years of activity on Malian soil are free, with no value added tax (VAT) or Service Delivery Tax (SDT), nor tax on commercial and industrial profits (CIPT). The aim, of course, is to encourage the mining companies to make colossal investments in the first years of the life of the mines. However, these decisions are far from being neutral; for example, according to the Minister, the free transfer of profits, an "opportunity granted to companies by the State", does not supply the Malian moribund banking system and slows down the "improving external balance"<sup>125</sup>.

The situation is more confusing with respect to the State as shareholder and entails considerable risk with respect to the human rights of the population of Mali. State participation at the same table as the mining companies is not always obligatory and is not provided for in the Tanzanian Code. But when, as in Mali, this is the case, it makes the State schizophrenic since it is at one and the same time regulatory and regulated body. On one hand it is in the State's interest to maximise the tax revenue generated by a leading sector of the economy and on the other hand the interest of private enterprise shareholders is in maximising profits and minimising tax liability. By assigning two divergent roles to the same State representatives, Malian regulations, drawn up under the control of the international backers, clouds the issue of public mining policy and forces the government to constantly duck and dive, thus neutralising its capacity to defend the interests of the people of Mali. The National Department of Geology and Mines (DNGM) has officially condemned this ambivalence in a report: "The Commission notes that auditing of these companies by these bodies (the Ministries) has always been carried out in the context of the State as partner, to the detriment of the State as public authority. The Commission notes that the high tenor of this partnership has even pushed the State to intervene in social conflicts between the mining companies and their employees. This has led the administrators to play an active role in company activities. Instead of dealing with every day problems, they should be providing guidance on issues of long term interest to the country such as employment policy, property investment, socio-economic policy and sustainable development"<sup>126</sup>.

### Phantom bonuses

“The high tenor of this partnership (with the private mining companies, editor’s note) has even pushed the State to intervene in social conflicts”, believe DNGM staff. A flagrant aberration occurred in the crisis that opposed the employee committees of Morila SA and Somadex regarding production bonuses. According to Article 265 of the Collective Labour Agreement, employees earn 2% (A), 3% (B/C) or 4 % (D/E) per excess unit depending on their category. The employees demanded that this should be strictly applied, whereas management was ready to negotiate a discretionary bonus. Battle commenced. At Morila, on 30th June 2002, three years after the feasibility study (February 1999, revised in October 2001), 37 % more ore was processed than forecast (4.9 million tons) and 35 % more gold (33.397 tons). Finally, in 2001, for example, despite a world price that was 10 % below the miners’ forecasts (32 dollars per ounce), the sale of gold from Morila was 6 % higher than forecast (172.482 million dollars, or 120.7 billion CFA francs). This meant there was over-production.

At the beginning of 2003, the Sikasso Labour Inspector ruled in favour of the employees, declaring that the bonus was legal and compulsory. A long legal battle started. Management called on the joint interpretation committee at national level, which questioned the authors of the 1985 Agreement and gave its verdict following an administrative marathon, taking eight months to transmit the National Labour Department’s dossier to the Ministry of Labour and eight hours for the arbitration council to find in favour of the employees. Morila S.A. immediately appealed, as the Labour Code it entitled to do. The Government’s silence was oppressive. The employees became impatient. They demanded 17 billion CFA francs. Management offered 362 million CFA francs. “We continued to put on pressure and won 500 million for 643 people. The Somadex employees won 240 million (because they had no documents to prove over-production)”, explained the union committee at Morila S.A., “We were victims of the joint Randgold AngloGold management shareholders who didn’t agree with the bonus; some of them didn’t want to set a precedent within the country”. The amount of this legal, compulsory bonus and its payment was therefore left to the free discretion of the private operators, in total violation of the Collective Labour Agreement, which provided for production bonuses.

The employees at Sadiola won nothing, although in June 2002, the company had processed 23.6 % more ore than forecast in the October 1993 feasibility study, producing 41.6 % more gold<sup>127</sup>. Even the Yatela mine did better than the preliminary forecasts of the feasibility study of September 1999 (- 6 % of the amount of ore processed, at 3.1 million tons, but 33 kg more gold, that is plus 0.3 %).

This crisis is evidence of the vagueness in regulations that was maintained by the mining companies with the complicity of the State. Certainly these companies are at the top of the list on the strictly salary level (3,477 dollars per year, four times more than the GDP per capita in 2002<sup>128</sup>, or more than five years work for an agricultural employee), but cannot bring themselves to respect legislation. “If we are not given bonuses then why not rationalise production and prolong the life of the mine?” asked the General Secretary of the union at Morila SA.

In September 1999 a first revision was made to the 1991 Code<sup>129</sup>, resulting in the third generation of the text, with no question mark over the basic guarantees designed to attract private investors, such as the opportunity for a lucky explorer to become an exploiter or that of free circulation of profits. Paradoxically, however, in order to be more ‘operational’ and thus appear more attractive to the mine exploiters, it lowered the tax holiday from five to three years. And even the little Malian “extra” - no surtax on surplus profit – does not change the situation with respect to competitors from Ghana, Tanzania or Botswana<sup>130</sup>.

#### Fiscal framework of the 1999 Code

Income tax	35 %
Dividend tax	12.5-18 %
Royalties	3 %
Import duty	5-10 %
Export duty	None
VAT	Exemption for the first three years



In the end, the Government did not manage to impose its regulations. Legally, no company chose to migrate to the revised 1999 Code. Ahmed Diane Semega, the Minister for Mines, recognised that “the Government has no way to turn back the clock and to cast doubt on its earlier decisions”. “We often have battles with the Finance Minister”, he added. In actual fact, even the new mines have benefited from the little regulatory arrangements. The Loulo mine officially opened in November 2005 and thus benefited from tax exemptions on profits for five years<sup>131</sup>. It is easier to understand the companies’ interest in putting pressure on the government to take advantage of taxes adjusted to take their concerns into account: in 2005, Randgold Resources, the company that owned 40 % of Morila SA and 80 % of the Loulo mine, received a tax rebate of 11.5 million dollars (6.6 million in 2004). Instead of paying 15.8 million dollars, it only paid 4.3 million and thus realized a net profit of 40 million dollars. If the company had had to pay the 35 % of its taxable income in taxes (or 0.75 % of its turnover) as required under normal Malian regulations, its shareholders would have lost 0.18 dollars per share in 2005 and 0.11 dollars in 2004<sup>132</sup>. The alternative for companies to choose their regulation is evidence of the balance of power unfavourable to the Malian authorities that prevented Mali from taking full advantage of the 2002 production peak, which will possibly never, or rarely, be achieved again in the gold future of Mali.

### **A/ The mines’ lifetime**

The lifetime of a mine is without doubt the area where the diverging interests of the State and the operators are most clearly opposed. In fact, the perverse effect of the tax holiday, an advantage that is well understood by the foreign companies, is over-mining of the national reserves during the tax-free period. “The concentration of production during these exempted years considerably reduces the amount of taxes paid to the State by these companies. This situation has a considerable impact (increase) on company revenue and on that of the State (reduction)”<sup>133</sup>.

At Sadiola, for example, at 1st January 2002, 36 tons of gold remained to be extracted according to initial estimates in the October 1993 feasibility study. In a re-evaluation in July 2001, the mine’s reserves increased to 100 tons. In the end the mine survived for 11 years instead of the 13 years that were forecast<sup>134</sup>. To justify the extraction of ore at a faster rate than envisaged, the mine’s management used the poor international price of gold at the start of mining at Sadiola and the lower than expected gold content as arguments to the Malian authorities. This demonstrates the absence of the State in strategic mining decisions. The rate of investment

depreciation agreed to by the operators is the rate imposed by the selfsame companies. Faster extraction means faster cost recovery and faster profit-making ... Under pressure from the medium and even short term requirements of the financial investors who inject funds into their capital as well as by the tax exemptions granted during the first years of operation, the private companies put into practice a strategy that is the reverse of the patriarchal “head of the family”, making increased production the priority when the gold price is highest. But the State has no means of influencing the mining company’s industrial strategy, since it is only a minority shareholder.

The Sadiola mining company created in 1996 paid its first dividends to the State in 1998, its first VAT and its first patent in 2000, and its first tax on industrial and commercial profits in 2001. Between 1997 and 2000, the mine produced 60.5 tons of gold, almost half its reserves, worth 436.6 billion dollars<sup>135</sup>. In 2005, at the end of the tax holiday, the Morila mine had produced more than 3.8 million ounces of gold, more than half its reserves. In principal it has a remaining life of eight years.

### **B/ An empty Code**

In 2005, the World Bank put the revision of the 1999 Code at the top of its list of future missions in Mali, together with the formulation of a new legal framework for small mines and a mining revenue management policy<sup>136</sup>. The international financial body provided its consultancy services to do this, as it has done for the past twenty years<sup>137</sup>. It is compulsory to put the new regulations in the regional context. In fact, the West African Economic and Monetary Union (UEMOA) mining policy was validated on 28th May 2006. The text aims to be “a powerful lever for social and economic development in the sub-region”<sup>138</sup>. If Ibrahim Tampone, the Commissioner in charge of the Department of Energy, Mines, Industry, Crafts and Tourism, is to be believed, the liberal philosophy endures: “Making the most of the considerable mining potential of the ground and subsoil of the UEMOA member States requires an environment that is secure and favourable to mining investments”. Everyone is, of course, on the same wavelength.

## **2) Unequal bargaining positions**

As tax-collector, shareholder and regulator, Mali’s government has three roles. In each of these, the weaknesses and contradictions of the State serve the interests of profit-driven private mining companies.

## A/ An ineffective tax-collector

Between 1997 and 2005, nearly 10 % of Mali's tax revenue came from the gold mining industry. Thanks to the growth of international gold prices anticipated for the following years, this is expected to reach a little under 15% in 2006 and 2007. However, mining revenues constitute a serious problem for the Malian tax authorities. In an administration which is corrupt and out-of-control, tax revenues go astray before even reaching Treasury accounts. According to the IMF, the value of tax credits which had not been reimbursed at the end of 2005 was 18 billion CFA francs, 0.6% of GDP<sup>139</sup>.

Financial backers are pushing the authorities to clean up in order to maximise tax collection.

However, at the same time, with a tax pressure of approximately 15%, Mali is forced to lower taxes to meet the West African Economic and Monetary Union's (UEMOA) monetary requirements. The abolition of ad hoc tax exonerations is the route pursued to increase tax revenue. However, exonerations benefiting the mining sector have not been affected. As such, the government should more or less see its tax revenue remain stable: 16.4 % in 2005, 16.8 % in 2006 and 16.5 % in 2007<sup>140</sup>.

The conflict between Mali's tax authorities and the mining companies over the last two years illustrates the difficulties faced by the Malian government in relation to private companies. A public audit in December 2003 concluded that the mines of Sadiola and Yatela owe the State approximately 15.6 million dollars in unpaid taxes on revenues and related fines between 2000 and 2002 (532 million CFA francs were paid by 30 June 2002). In its annual report for 2005, IAMGold, a company with a 36% stake in Sadiola states that "the management has consulted its tax and legal advisors and concluded that all tax has been properly paid and that the conclusions of the audit report were unfounded". The arm-wrestling continued until the fourth quarter of 2005. In settlement, the State only received 5.2 million dollars, a third of the amount due. Another audit is underway for the 2003 and 2004 financial years, for which Sadiola has set aside 2.2 million dollar to cover the payment of future government tax claims. "However, the mine's management formally disputes all of the audit's claims", states IAMGold.

## Widespread corruption

"Corruption in Mali is systematic", "Today, bribes are made at all levels", "The administration is removed from society and is not run to serve its people", "Mali's political system is tainted by nepotism": international reports leave no room for doubt. Mali's public affairs are undermined by bad governance. Efforts to clean up the control of State finances since the middle of the 1990s have been recognised by international financial backers, notably with the implementation of internal auditing procedures in the administrative and finance departments of different government ministries and the appointment to the Supreme Court of six judges responsible for public finances. However, these efforts are not enough to remove Mali from the third quartile of the world's most corrupt countries<sup>141</sup>. Only just positive for Voice and Accountability, the World Bank Institute's indicators fall into the red for Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, the Rule of Law and the Control of Corruption. These figures have stagnated for ten years.

The curse of corruption has not diminished since the first democratic elections in 1992 put Alpha Oumar Konaré in power. World Bank programmes have not been able to solve this problem, independent experts claiming the programmes have largely ignored the prevalent gaps in Mali's public sector. As a consequence, "they have underestimated the difficulty of breaking this system where the negotiating parties, except for the Malian people, have strong interests to maintain"<sup>142</sup>. President Amadou Toumani Touré was re-elected in May 2007.

The mining industry is directly affected as much by corruption in the distribution of mining profits as by the negotiation of operating conditions.



## **B/ A shareholder State taken hostage**

Mali's Mining Code reserves a minority stake in mining companies of up to 20% for the State. As such, the government receives dividends: 64.36 billion francs CFA between 1997 and 2005 according to the Mining Commission of the National Assembly. This is less than 10% of the global profit that Mali's economy generates from gold mining (690.72 billion CFA francs). A limited remuneration but a useful right as it opens the doors of the board of directors to a representative from each of the Ministry of Mining, the Ministry of Economy and Finance and Ministry of State Domains and Real Estate Affairs (a shareholder since 2000 when jurisdiction was transferred from the Ministry of Mining).

In 2004 and 2005, the relations between the State and the mining companies were stretched by a conflict over tax (supra p. 39). Whilst waiting for this to be resolved, the mining companies took measures of retaliation, or self-protection as they claim. According to the OECD, "the mining companies are waiting until the tax exonerations, from which they benefit in principle, are applied before they declare dividends to the State in its capacity as shareholder"<sup>143</sup>. In November 2004, of 25 billion francs CFA of mining dividends for that year, only 4.6 million has actually been paid. A fifth of this only one month from the end of the financial year. In 2005, the scenario repeated itself. Gold mining companies are responsible for the very low amount of non-tax income actually received by the State: only 30.3 % in August<sup>144</sup>. In short, the other shareholders are holding the minority shareholder State to ransom by treating it unfairly on account of its government activities.

If the dividends relate to modest amounts, the deliberate payment delays are far from trivial as they illustrate the state of mind of those who do not hesitate to weaken even more an already unstable budgetary structure. In effect, the cotton industry, the country's second export, which supports 3.3 million Malians, has been bled white, the Malian textile Company (CMDT) kept afloat by state aid; the crisis in the Ivory Coast hindering Mali's economic growth by blocking access to Abidjan, the main port for imports; locusts and droughts at the end of the dry season put Mali, like its neighbours, on the edge of a food crisis. The government is regularly forced to exonerate rice imports (60.000 tonnes in 2005) from tax to reduce the famine. With international oil prices rocketing, rising electricity and gas bills trouble the already stretched budgets of Malian households; inflation is a threat, in 2005 the authorities were unable to adhere to the 3 % demanded by the UEMOA convergence requirements. Instead, it reached 6.4 %, the highest level for ten years.

In short, Mali's finances are going badly. Despite being accustomed to difficult end of month and end of year periods, the authorities often have no choice other than to seek help from international financial backers for emergency budgetary support, as at the end of 2004. Increasing the unfavourable imbalance in its relations with third party lenders, Mali is weakened. In exchange for its financial support, the IMF calls for a reduction of 24.6 million dollars, nearly 13 % of State spending in order to limit overspending (deficit estimated to be 3 % of GDP). This cut includes, for example, expenditure planned for financing the costs of restructuring public companies. As enabled by its strong position, the IMF compelled Mali's government to end subsidies of the internal tax on petroleum products (TIPP). Mali's people will thus pay even more.

### **When the State says no!**

Under pressure from the streets, Mali has said no to international financial institutions.

In November 2000, a consortium led by Saur International, a subsidiary of the French group Bouygues, and Industrial Promotion Services (subsidiary of the Aga Khan fund for economic development) bought 60% of EDM following an international invitation to tender by the Ministry of Mining and Energy.

At that point in time, EDM had a turnover of 600 million francs CFA per year (914 690 euros), boasted 68,000 clients for water distribution and 85.000 for electricity<sup>145</sup>, and employed 1,500 people. Saur International "serves" 36 million clients in 30 countries with water and electricity. "The immediate challenge (is thus) to re-establish in one year these two vital services in the principal towns and cities"<sup>146</sup>. Only 8 % of Malians have access to electricity and drinkable water. From mid 2001, the hydraulic dam of Manatali must provide a kilowatt hour at 30 francs CFA, "that is, a third of its selling price" and EDM plans to create 6000 new electric connections in Bamako and 6000 more in the rest of the country. To achieve its ambitious goals, EDM would have to invest 610 million euros in 20 years. But in December 2004, the consortium proposed a new partnership to Mali's government<sup>147</sup>. In November 2005, after a year of lively discussions, Mali bought back the

concession from Bouygues<sup>148</sup>. It paid 200 million euros for the share officially sold by Saur, increasing the public stake to 66%, IPS keeping 34 %.

The reason for this was Saur's inability to keep its commitments to lower prices. The reduction of the price of water was one of Amadou Toumani Touré's election promises at the 2002 presidential election.

Today, EDM has again made "tolerable" operating losses in 2005 and 2006 (2-3 billion francs CFA), according to the IMF. Since January 2006, the business' new management has put in place a strategic plan with the World Bank. The plan includes, as a preliminary condition, an audit of the management of the business by Bouygues between 2000 and 2005.

### C/ An impotent regulator

"One does not manage as strategic a sector as gold with suspicion"... such is the philosophy expressed by Ahmed Diane Semega, minister for Energy and Mines. It is that of a partner State admitting its inability to control private operators in the mining sector. "I don't want to play politics and take credit for the results; rather it is that I accept that I can't control everything", he adds. "Our final objective is to publicise the sanctions. We will publish everything!" Taking care, of course, to avoid going into the details of these potential sanctions. The onerous task of controlling the private operators in the sector falls upon the National Directorate for Geology and Mines (Direction nationale de la géologie et des mines - DNGM), instructed by its supervisory ministry to oversee the exploration and operating companies, a task made all the more arduous by the political tension that reigns in this department, whose Director General is appointed by decree proposed by the Minister for Mines<sup>149</sup>. The DNGM has a website<sup>150</sup> which gives a brief presentation of the mining sector but contains no financial analysis that might help to improve transparency in the sector.

Ahmed Diane Semega, the youthful former mining employee appointed to the government in 2002 and currently at the ministry for Energy and Mines, clearly hopes to restore his Ministry's profile in his compatriot's minds, a profile which, it must be said, is today at an all time low. Malians do not see their gold shining anywhere. So, in the bars<sup>151</sup> on the street, criticism of a weak, impotent State is reduced to a short anecdote: what did the former minister for Mines reply, when asked during a press conference, "do you know what the [annual] production of Malian gold is?" Nothing! His silence spoke volumes. "Nobody knows how much Mali earns from its gold, apart from the foreign companies". Ahmed Diane Semega's first act on taking office, since vaunted to all who would listen, was allegedly to dismiss the head of the DNGM for supposedly trying to extract a backhanders out of him when he was operating in the private sector.

Nevertheless, a persistent rumour circulates in Mali: more gold is exported than is officially extracted. However the authorities and the companies hotly deny this, claiming that all deliveries of gold to Switzerland or South Africa are supervised by mining officials. Malians nevertheless doubt the government's monitoring capacities, and with good reason; once sold to Switzerland's Hargor Heures SA, Malian gold disappears off the radar. At no point is the government involved in the refining of gold ingots. And yet the refiner only pays in full for the gold once it has been refined. Mali is therefore totally excluded from the extraction process of its own gold and therefore from controlling national resources which it should dispose of freely in accordance with Article 1 of the ICESCR (International Covenant on Economic, Social and Cultural Rights).

In the summer of 2002, twelve years after industrial exploitation of gold started in Mali, the Malian administration<sup>152</sup> openly admits that "its monitoring of the companies has never been rigorous", and by implication, the difficulties it encounters, lacking capital resources and information. As an example of government impotence, there are just three units for testing cyanide levels (a common pollutant in extractive industries) operating in Africa, one of which is in Mali (the other two are in Ghana and South Africa): costing nearly 30 million CFA francs per unit, this technology is in the hands of Morila SA's private testing laboratory, which provides its data to the government's officials without their having the means to check it. Nevertheless, certain issues cannot be put down to the lack of resources, such as the authorities' total failure to act on the environmental impact of the Syama mine: "numerous documents from the Syama mine prove that the IFC and the Malian regulators are aware of most of the environmental problems and the reports (that mention these problems – Ed.) over the last ten years at least, but that the principal shortcomings highlighted have not been addressed", according to the American [branch of] Oxfam<sup>153</sup>.

At a time when Malian production is at its highest level ever, the authors of the DGMG's inspection report<sup>154</sup> of mid-2002 evoke two appalling realities<sup>155</sup>:

In the absence of any information, they are unable to successfully complete their missions which require not only "reliable, up-to-date data on the levels of reserves" and of discoveries, but also provisional operating plans at the start of each year and the gold content of the mineral extracted (which varies from block to block). To obtain information, the administration has no choice other than to rely on the good faith of the private companies, which know the Malian subsoil better than anybody. The geological data that the State has at its disposal is not only incomplete, but largely pre-dates Independence. And with good reason – it is unaffordable. In September 2006, after several delays, the Sysmin project, financed by the European Union (which closed it down at the time of the 8th EDF (European Development Fund)) delivered to the mining administration four geological maps and 21 geochemical maps from topographic surveys of Bafoulé, Nioro, Yélimané and Sandaré. These 25 maps involved six years' work and 600 million CFA francs (equivalent to 2% of the taxes and dividends received by the State between 1997 and 2005). It would cost a fortune to explore Mali's 673 known mineral sites, most of which remain unexplored "due to the weakness of the infrastructure". These

shortcomings prevent the government from benefiting from its mineral resources and also from supervising those who are exploiting them. The gift to the mining administration of 500 million CFA francs of equipment, announced by Mali's President Amadou Toumani Touré during the May 2006 launch of the Mining Sector Development Programme, will not have much effect on the Malian people's awareness of what lies beneath them. With global commodity prices rising, it is rather the privately owned prospectors who will be digging Mali's earth in coming years.

Nor is the Malian administration in a position to check the companies' expenses and that contracts are not awarded on a preferential basis to subsidiaries. This is tantamount to admitting that the government is unable to cross check the operating costs stated by the companies. As a shareholder, Mali should be kept informed of any management actions performed by companies such as Semos, Somisy or Morila SA.

Questioned about the alarming conclusions in the DGMG's report, the minister for Mines declared that he was "happy with the report because its authors have understood that there is a lack of supervision"<sup>156</sup>.

### **Parliament exercises theoretical supervision**

According to the minister for Mines, Ahmed Semega, "Taking the matter to Parliament is a waste of time". For the first time with such openness, the National Assembly addressed the mining issue in May 2006. The introduction to the report by the Energy, Industry, Mines and Technology Commission (C/EIMT) dated 17 May 2006 states: "Conscious of the role it must play in informing the general public about matters of public interest, (the National Assembly) has decided to challenge the government about the issue of mining operations in our country".

It cites numerous issues: shortcomings in the Mining Code and in "human, material and financial resources at the mining administration, combined with the lack of road and energy infrastructure", and also the "weakness of national operators and the lack of a policy for sharing of profits generated by mining activities...the lack of a gold processing and transformation unit, together with the chaos observed in the gold panning areas...the lack of an ongoing research fund"<sup>157</sup>.

And concludes: gold is crucial, so the government must revise the Mining Code "to make it more attractive", and if the sector's executives were better paid they could nurture the development of Malian operators in the sector. Lastly, the report recommends a better allocation of resources between the government, operators and local populations.

In 13 pages, the National Assembly's expert commission swept away 15 years of mining operations. Until now, these debates have not resulted in concrete political decisions.

In addition to the lack of financial resources, it is above all men and women capable of overseeing the mining sector who are lacking in Mali. The ministry has set itself the objective of “Mali-ising the mines’ decision-making bodies”. As a result, twenty students were sent to study abroad in 2006. According to some observers, the creation of a mining school at Bamako, a project officially supported by the President of the Republic and the minister for Energy and Mines, is no more than a mirage. It is not the Malian geologists’ skills that are at fault, but their reduced number and the widening divergence between public and private sector salaries. In five years, a geologist working for a private company will earn the equivalent of 25 years on a civil service salary. Morial SA’s managing director Richard Lesueur, who is also pushing for “Mali-isation”, considers that “Malian employees are well qualified”. Each expatriate mentors a Malian colleague within his company. He adds, “We hope that the training we give will be of value to the country when the mines close”.

The rush that will certainly result in higher gold prices, risks complicating the Malian officials’ task by multiplying the number of players and the range of infractions. For example, while the majors are extremely careful, CAMEC, a British company operating in Mali, is said to have ignored the quota for local recruitment to which it had committed itself<sup>158</sup>.

To date, none of the directions pursued by the commission appointed in June 2002<sup>159</sup> “to protect the State’s interests” have produced any results: neither the technical supervision relying on mineral engineering experts, nor the economic and financial audits (income, operating costs and promotion of national personnel), nor monitoring of the gold production circuit (gravimetric recovery, loaded coal (carbon chargé), gold smelting room (salle de fusion de l’or). Even with advice provided by M-Consulting and DSM Consulting, two international consultancies, the Malian administration has ground to a halt.

- 
121. “Economic development in Africa, rethinking the role of foreign direct investment”, UNCTAD, 13 September 2005.
  122. “Fourth review of the three year agreement under the PRGF”, IMF, Michael Nowak, Mark Plant, IMF, June 29, 2006.
  123. Meeting with the authors, May 2006.
  124. “Regulating Mining in Africa”, GRAMA.
  125. “Fourth review of the three year agreement under the PRGF”, IMF, Michael Nowak, Mark Plant, IMF, June 29, 2006.
  126. “Rapport de suivi et de contrôle des sociétés d’exploitation minières, situation au 30 juin 2002”, DNGM, August 2004.
  127. *Ibid.*
  128. CMI Survey of 2,600 employees at the Morila and Sadiola mines( <http://www.cmi.no/publications/file/?2340=socio-economic-effects-of-gold-mining-in-mali>).
  129. Ordonnance n°99-032/P-RM of 19 August 1999 relating to the mining code in the Republic of Mali, modified by Ordonnance n°00-013/P-RM of 10 February 2000 and the application texts: decree n°99-255/P-RM of 15 September 1999 fixing the methods of application of Ordonnance n°99-032/P-RM.
  130. “The Third Generation of African Mining Codes”, Pascale Hatcher, 2002.
  131. “Loulou benefits from exoneration from corporate profit tax for five years from the date of first commercial production, which was 8 November”, Annual Report 2005, [www.randgold.com](http://www.randgold.com)
  132. Annual report 2005, [www.randgoldresources.com](http://www.randgoldresources.com)
  133. “L’industrie minière malienne : la nécessité de la régulation et du renforcement des capacités”, Gisèle Belem, mémoire déposé dans le cadre des Tables rondes nationales sur la responsabilité sociale des entreprises et les industries extractives canadiennes dans les pays en développement, Les cahiers de la Chaire, collection recherche No 18-2006.
  134. “Rapport de suivi et de contrôle des sociétés d’exploitation minières, situation au 30 juin 2002”, DNGM, August 2004.
  135. *Ibid.*
  136. “Growth support project”, report n°31388 ML, World Bank, 21 January 2005.
  137. “Fourth review of the three year agreement under the PRGF”, IMF, Michael Nowak, Mark Plant, FMI, 29 June 2006.
  138. “La semaine de l’UEMOA” weekly bulletin n°129 22nd to 28th May 2006.
  139. “Fourth review of the three year FRPC agreement”, IMF, Michael Nowak, Mark Plant, IMF, 29 June 2006.
  140. “Economic perspectives in Africa”, BafD/OECD 2006.
  141. “Governance matters V : governance indicators for 1996-2005”, 213 countries, World Bank Institute, 15 September 2006.
  142. “An independent review of World Bank. Support to capacity building in Africa : the case of Mali”, report n°32908, 14 May 2005.
  143. “Economic Perspectives in Africa”, BafD/OECD 2005.
  144. “Economic Perspectives in Africa”, BafD/OECD 2006.
  145. [www.ips-wa.org/edm.htm](http://www.ips-wa.org/edm.htm)
  146. [www.bouygues.fr/fr/finance/mediatheque/pdf/RA\\_2001\\_fr/RA01\\_04.pdf](http://www.bouygues.fr/fr/finance/mediatheque/pdf/RA_2001_fr/RA01_04.pdf)
  147. “End of the first round of the Washington negotiations: the points that SAUR-IPS wants to amend in its concession contract for EDM SA”, L’Observateur 3 December 2004.
  148. In February 2005, Bouygues sold Saur to PAI Partners except for its activities in Africa which it returned to the State. The price PAI

## Mali - Mining and human rights

---

partners offered for Saur (other than its activities in Africa and Italy) was 1,037 billion euros.

149. Decree no. 02533/p-RM, 20 December 2002.

150. [www.dngm.com.net](http://www.dngm.com.net) (Translator's note: the website is actually at [www.dngm.net](http://www.dngm.net))

151. Translator's note: lit. "in the maquis", used in West African slang for bars/nightclubs

152. "Report on the monitoring and control of mining companies, as of 30 June 2002", DNGM, August 2004.

153. *A Tarnished Heritage: A Social and Environmental Analysis of the Syama Gold Mine*, Oxfam America, February 2004.

154. General Directorate for Mines and Geology, whose mission is to "study the operating procedures of companies in the mining sector, in order to determine the appropriate ways and means of improving its contribution to the national economy and for effective monitoring and control of mining activity".

155. "Report on the monitoring and control of mining companies, as of 30 June 2002", DNGM, August 2004.

156. Meeting with the authors, May 2006.

157. Draft resolution by National Assembly session of 18 May 2006.

158. "Beware of these puppet companies setting up in Mali" *Mali-Minews Journal* no. 7, June 2006.

159. "Report on the monitoring and control of mining companies, as of 30 June 2002", DNGM, August 2004.

## CONCLUSION

Regulations imposed on the mining sector in the 1990s prevent Mali from taking advantage of its gold.

Designed to attract foreign investment, the Mining Codes of 1991, 1999 [never applied], and even the upcoming one being developed according to the regional framework of WAEMU all set up unbalanced contests of strength that place in opposition the State and the private mining companies. Tax abatements have impoverished the State by depriving it of precious revenue that it has no other way to recover. Indeed, the life expectancy of a gold mine rarely exceeds fifteen years. However, the tax exemptions last for five years, the first five years, during which the private companies maximize this dispensation by producing at full capacity. Moreover, by making the State a minority shareholder in the extractive industry, the regulations make it schizophrenic: the regulator and the regulated. Between the two there exists a time gap: on the one hand, the private operators run on the short term, to satisfy their financial shareholders; on the other hand, the public powers are supposed to seek out the common good and the long term benefits. For example, when the former have reason to produce more when the price of an ounce is weak, in order to maintain their revenue, the latter could choose the opposite by favoring sales at a higher price to develop to the maximum a limited resource.

The Malian State, eroded by the lack of financial and human resources and by endemic corruption, does not have the means to impose its regulations on the operating companies, nor can it monitor them. Thus, not only do gold resources fail to stabilize the budget of the State, but even more, since they are predominantly exported, they weaken the Malian balance of trade by making it more vulnerable to the fluctuations of the world market for the yellow metal. About which and against which, Mali, as a small producer on the world scale, can most certainly do nothing.

In summary, Mali, poor among the poor nations of sub-Saharan Africa, has offered international investors an environment conducive to their enrichment, with extraction costs among the world's lowest, to the detriment of its own enrichment. And in vain, since it remains an economic pariah, excluded from the global flow of foreign investment.

Ten years after the start of gold mining in Mali, Malians are not seeing the color of their gold, not in public funding, not in industrialization, not in the job market. The mining

sector, which is certainly autarkical by nature, does not weave into a nation's economic fabric, and in Mali, less so than elsewhere. Malian investors, who could operate medium-sized mines, are nearly totally out of the picture. Development linked to the gold sector, particularly a refinery, remains a mirage. Most products are imported; all the gold is exported. The public remains totally unaware of traditional gold washing, although it provides a living to over 100,000 persons, or rather, it allows them to survive in less precarious circumstances. Another failure of the mining policy carried out for the past ten years is that diversification is at a standstill. The Malian subsoil contains treasures—diamonds, iron, bauxite, manganese, uranium, phosphates, limestone, lead/zinc, marble<sup>160</sup>--which interest no one. Mali remains a prisoner of "the monoculture of gold"<sup>161</sup>, like that of cotton.

In the course of the next ten years, the State will invest 100 billion CFA francs in extractive sector development in order to exit the gold impasse—Mali is presently undergoing the golden age of its gold-mining sector, with production necessarily declining in the upcoming years. As for the World Bank<sup>162</sup>, it now also preaches diversification into mining of raw materials "useful" for national and regional development, such as limestone for cement.

As for the mining companies, they are maximizing their profits, with the complicity of a State which cannot or does not want to control their activities and require them to observe their obligations regarding human rights and environmental protection. At the local level, the companies are buying cheap social peace in the communities in which they function for a few decades at most.

Local development funds set up by companies as requested by the Mining Code are not managed in a transparent and participatory manner, do not meet the local population's basic needs and will not provide long term benefits to foster progressive realization of economic, social and cultural rights. The mission also highlights a series of violations of the right to health, education, of labour rights as well environmental damages.

However, the Malian State, plus the companies and the financial backers, all have obligations towards the respect, protection, and promotion of human rights. The Malian State, which in 1974 ratified the International Covenant on Economic, Social, and Cultural Rights, is in particular



required “to take action, by its own efforts as much as by international assistance and cooperation, particularly in the economic and technological domains, to the maximum of its available resources, with a view to guaranteeing in a progressive manner the full exercise of the rights”, whether economic, social, or cultural, recognized in the Covenant, in particular the right to health, to education, to work, etc. [article 2]. It is the principal overseer and the principal guarantor of the respect of these rights, which it must respect and cause to be respected by other players, notably the companies, including foreign ones. The companies themselves also have clear obligations to respect, protect, and promote human rights, in accordance with the principles of national and international law.

### **The FIDH recommends:**

#### **To the Malian State:**

- to fulfill its obligations in the areas of respect, protection, and promotion of human rights, in particular economic, social, and cultural rights, and ILO Conventions;
- to submit to the United Nations Committee on Economic, Social, and Cultural Rights its first periodic report on the implementation of the Covenant;
- to fully assume its functions as a public power, in particular to create compliance with its regulations [mining code, social legislation, tax rules] and to monitor the activities of the companies;
- to assure the inclusion of social and environmental requirements during negotiations on the implementation of investment agreements and in the Mining Code now under revision, as well as the means for their observance;
- to facilitate the adoption of a joint agreement offering extended protection to the rights of workers in the mining sector;
- to implement the provisions of the African Union Convention on Preventing and Combating Corruption ratified by Mali in 2004;
- to carry out its commitments as regards the EITI and in particular:

- to commission, by an international auditing firm, a reconciliation of the stated revenues of the mining companies, on the one hand, and on the other hand, the revenues of the various collector agencies of the State [the Treasury, the Department of Revenue, etc.]

- to publish the revenues received from the corporations by the State, using a means of communication available to the public at large;

- to actively incorporate civil society into the conception and the follow-through of the implementation process and also into the public deliberations concerning the initiative.

#### **To the mining companies operating in Mali:**

- to fulfill their obligations to respect, protect, and promote human rights, inasmuch as these obligations ensue from, in particular, the Policies of the OECD in regard to multinational companies and from international law on human rights;

- to refrain from soliciting exemptions from the obligations set by Malian legislation, notably in tax matters. In the terms of the Policies of the OECD on multinational companies, these companies must “refrain from seeking or accepting exemptions not provided for in legislative or regulatory measures concerning the environment, health, security, labor, taxation, financial incentives or other areas”;

- to publish in their entirety figures concerning mine production and payments made to the State, as is called for by the NGO Coalition Publish What You Pay;

- to comply fully with Malian legislation, in particular by obeying social legislation, by paying in a timely manner the taxes and dividends due to the State, and by respecting the environmental statutes of the Mining Code, and by paying employees their production bonuses as required by the 1985 joint agreement;

- to expand their contribution to aid projects in local communities and to see that the projects include a broad-based and representative participation by the populations affected, be based on a long term perspective and respect the State’s prerogatives;

- to ensure that infrastructures, especially those for sanitation, constructed near the mine benefit not only mine workers but that they are equally accessible and affordable for the other members of the community.

**To international financial institutions and other international donors:**

- to not induce the Malian State to create measures that favor foreign investment but which conflict with its international obligations in regards to the respect, protection, and promotion of human rights;

- to adopt rules targeting the protection of human rights and of the environment and to refrain from giving securities to companies whose operational and post-closure restoration projects do not meet the social and environmental requirements in place;

- to aid the Malian State in improving its knowledge of its own resources and in monitoring the activity of companies [environmental impact, annual production, tax payments, etc.], thus allowing it to strengthen its human and technological capabilities;

- to not push for the development of local business growth projects as a solution to poverty without assurances that they are lasting, participative, and respectful of the prerogatives of the State in such projects.

**To the African Commission on Human and Peoples' Rights:**

- to call for a task force on economic and social rights regarding labor in mining operations and on human rights in Africa;

- to adopt a resolution on mining operations and human rights in Africa;

**To the home countries of mining companies operating in Mali**

- to strengthen the oversight governing companies in accordance with their obligations as contained in the

International Covenant on Economic, Social, and Cultural Rights, to monitor non-state-owned actors so that they respect human rights in intermediary countries;

**To civil society:**

- to strengthen its supervisory role vis-à-vis social and environmental programs enacted by the mining companies in Mali and in the home countries of the companies.

---

160. DNGM.

161. "ATT puts its foot down", L'Observateur, May 8, 2006.

162. "Growth Support Project", report #31388, World Bank, January 2, 2005.

## ANNEX - List of persons met by the mission

	Last Name	First Name	Function
<b>Non Governmental Organizations</b>			
AMDH (Malian HR Association)	Koné	Brahima	President
AMDH	Diarra	Boubacar	Coordinator
AMDH	Sissoko	Issa	Representative Sikasso
Transparency International (coordination PWYP)	Thiam		Lawyer
Guamina	Dembélé	Suleiman	Coalition mines
CAD Mali	Tembelli	Samba	President
<b>Political parties</b>			
Parti Sadi	Mariko	Oumar	President
<b>Trade Unions</b>			
SECNAMI/Synacom	Touré	Fousseini	Secretary General
Comité syndical de la direction générale de la géologie et des mines	Koné	Alphonse	Secretary General
Confédération syndicale des travailleurs du Mali	Guindo	Hamadou Amion	
Union des travailleurs du Mali	Telli	Tibou	Secretary General
Comité syndical de Morila SA	Kanté		Secretary General
Ex-comité syndical de la Somadex	Nioumanta	Amadou	Secretary General
Ex-comité syndical de la Somadex	Diallo	Vieux	Contact in Sano
Ex-comité syndical de la Somadex	Coulibaly	Sidibe	Ex number 2
<b>Companies</b>			
African Goldfield	Terra	Boubacar	Director
Anglogold Ashanti	Keita	Namakan	Relations with the government
Anglogold Ashanti	Coulibaly	Mamadou	Director assistant
Morila SA	Lesueur	Richard	General Director
Morila SA	Touré	Samba	Director of operations
Somadex	Blanchard	Emmanuel	Head of financial services
Somadex	Diarra	Balamou	Head of personnel
Somadex			Director of Human ressources
RandGold	Diakité	Fousseyni	Director of exploration
Semos	Burama	Samaké	Director of environment
Somisy			
Robex	Biron	Serge	Director
<b>Local, regional and national authorities</b>			
Ministry of Mines	Semega	Ahmed Diane	Minister
Ministry of Mines	Keita	Mohamed	Technical Advisor
Direction nationale de la géologie et des mines	Demebelé	Daraman	Director
Direction régionale du travail de Sikasso	Doumbia	Salif	Director

## Mali - Mining and human rights

---

	Last Name	First Name	Function
Mines Commission of the National Assembly	Dembélé	Tiémoukou	
Mayor of Massioko			Mayor
Mayor of Sadiola	Sissoko	Balla	Mayor
Mayor of Massioko	Makalou	Sambala	First Member Municipality Council
Mayor of Sadiola	Traoré	Kalifa	Member Municipality Council
Presidential Cabinet	Diallo		
Mayor of Sanso			Mayor
<b>Others</b>			
Lawyer	Diarra	Amadou	
Court of Bougouni	Traoré	Issa	Judge
Jail of Bougouni	Togola		Chief of wardens
National Research Institute of Public Health	N'diaye	Absatou	Head of department, Community Health
Representative of migrants of Sadiola	Makalou	Mamoudou	
Minenews periodical	Koulibaly	Mohammed	



# FIDH represents 155 Human Rights organisations

## 155 organisations

<b>ALBANIA</b> - ALBANIAN HUMAN RIGHTS GROUP	<b>COLOMBIA</b> - COMITE PERMANENTE POR LA DEFENSA DE LOS DERECHOS HUMANOS	<b>HAITI</b> - COMITÉ DES AVOCATS POUR LE RESPECT DES LIBERTÉS INDIVIDUELLES	<b>MAURITANIE</b> - ASSOCIATION MAURITANIANNE DES DROITS DE L'HOMME	DEFENSE DES DROITS DES PERSONNES ET LIBERTES PUBLIQUES
<b>ALGERIE</b> - LIGUE ALGERIENNE DE DEFENSE DES DROITS DE L'HOMME	<b>COLOMBIA</b> - CORPORACION COLECTIVO DE ABOGADOS	<b>HAITI</b> - CENTRE OCEUMÉNIQUE DES DROITS DE L'HOMME	<b>MEXICO</b> - COMISION MEXICANA DE DEFENSA Y PROMOCION DE LOS DERECHOS HUMANOS	<b>RWANDA</b> - COLLECTIF DES LIGUES POUR LA DEFENSE DES DROITS DE L'HOMME
<b>ALGERIE</b> - LIGUE ALGERIENNE DES DROITS DE L'HOMME	<b>COLOMBIA</b> - INSTITUTO LATINO AMERICANO DE SERVICIOS LEGALES ALTERNATIVOS	<b>HAITI</b> - RÉSEAU NATIONAL DE DÉFENSE DES DROITS HUMAINS	<b>MEXICO</b> - LIGA MEXICANA POR LA DEFENSA DE LOS DERECHOS HUMANOS	<b>RWANDA</b> - LIGUE RWANDAISE POUR LA PROMOTION ET LA DEFENSE DES DROITS DE L'HOMME
<b>ALLEMAGNE</b> - INTERNATIONALE LIGA FÜR MENSCHENRECHTE	<b>CONGO</b> - OBSERVATOIRE CONGOLAIS DES DROITS DE L'HOMME	<b>INDIA</b> - COMMONWEALTH HUMAN RIGHTS INITIATIVE	<b>MOLDOVA</b> - LEAGUE FOR THE DEFENCE OF HUMAN RIGHTS IN MOLDOVA	<b>SENEGAL</b> - RENCONTRE AFRICAINE POUR LA DÉFENSE DES DROITS DE L'HOMME
<b>ARGENTINA</b> - CENTRO DE ESTUDIOS LEGALES Y SOCIALES	<b>COSTA RICA</b> - ASOCIACIÓN SERVICIOS DE PROMOCIÓN LABORAL	<b>IRAN</b> - DEFENDERS OF HUMAN RIGHTS CENTER	<b>NETHERLAND</b> - LIGA VOOR DE RECHTEN VAN DE MENS	<b>SENEGAL</b> - RENCONTRE AFRICAINE POUR LA DÉFENSE DES DROITS DE L'HOMME
<b>ARGENTINA</b> - COMITE DE ACCION JURIDICA	<b>COTE D'IVOIRE</b> - MOUVEMENT IVOIRIEN DES DROITS DE L'HOMME	<b>IRAN</b> - LIGUE IRANIENNE DE DEFENSE DES DROITS DE L'HOMME	<b>NICARAGUA</b> - CENTRO NICARAGUENSE DE DERECHOS HUMANOS	<b>SENEGAL</b> - ORGANISATION NATIONALE DES DROITS DE L'HOMME
<b>ARGENTINA</b> - LIGA ARGENTINA POR LOS DERECHOS DEL HOMBRE	<b>COTE D'IVOIRE</b> - LIGUE IVOIRIENNE DES DROITS DE L'HOMME	<b>IRAQ</b> - IRAQI NETWORK FOR HUMAN RIGHTS CULTURE AND DEVELOPMENT	<b>NIGER</b> - ASSOCIATION NIGERIENNE DES DROITS DE L'HOMME	<b>SERBIE</b> - CENTER FOR PEACE AND DEMOCRACY DEVELOPMENT
<b>ARMENIA</b> - CIVIL SOCIETY INSTITUTE	<b>CROATIE</b> - CIVIC COMMITTEE FOR HUMAN RIGHTS	<b>IRLANDE</b> - COMMITTEE ON THE ADMINISTRATION OF JUSTICE	<b>NIJER</b> - ASSOCIATION NIGERIENNE DES DROITS DE L'HOMME	<b>SUDAN</b> - SUDAN HUMAN RIGHTS ORGANISATION
<b>AUTRICHE</b> - OSTERREICHISCHE LIGA FÜR MENSCHENRECHTE	<b>CUBA</b> - COMISION CUBANA DE DERECHOS HUMANOS Y RECONCILIACION NACIONAL	<b>IRLANDE</b> - IRISH COUNCIL FOR CIVIL LIBERTIES	<b>NOUVELLE CALEDONIE</b> - LIGUE DES DROITS DE L'HOMME DE NOUVELLE CALEDONIE	<b>SUDAN</b> - SUDAN ORGANISATION AGAINST TORTURE
<b>AZERBAIJAN</b> - HUMAN RIGHTS CENTER OF AZERBAIJAN	<b>ECUADOR</b> - CENTRO DE DERECHOS ECONOMICOS Y SOCIALES	<b>ISRAEL</b> - ADALAH	<b>OCCUPIED PALESTINIAN TERRITORIES</b> - RAMALLAH CENTRE FOR HUMAN RIGHTS STUDIES	<b>SUISSE</b> - LIGUE SUISSE DES DROITS DE L'HOMME
<b>BAHRAIN</b> - BAHRAIN CENTER FOR HUMAN RIGHTS	<b>ECUADOR</b> - COMISION ECUMENICA DE DERECHOS HUMANOS	<b>ISRAEL</b> - ASSOCIATION FOR CIVIL RIGHTS IN ISRAEL	<b>OCCUPIED PALESTINIAN TERRITORIES</b> - AL HAQ	<b>SYRIA</b> - DAMASCUS CENTER FOR HUMAN RIGHTS STUDIES
<b>BAHRAIN</b> - BAHRAIN HUMAN RIGHTS SOCIETY	<b>ECUADOR</b> - FUNDACION REGIONAL DE ASESORIA EN DERECHOS HUMANOS	<b>ISRAEL</b> - B'TSELEM	<b>OCCUPIED PALESTINIAN TERRITORIES</b> - PALESTINIAN CENTRE FOR HUMAN RIGHTS	<b>SYRIE</b> - COMITE POUR LA DEFENSE DES DROITS DE L'HOMME EN SYRIE
<b>BANGLADESH</b> - ODHIKAR	<b>EGYPT</b> - EGYPTIAN ORGANIZATION FOR HUMAN RIGHTS	<b>ISRAEL</b> - PUBLIC COMMITTEE AGAINST TORTURE IN ISRAEL	<b>PAKISTAN</b> - HUMAN RIGHTS COMMISSION OF PAKISTAN	<b>TAIWAN</b> - TAIWAN ALLIANCE FOR HUMAN RIGHTS
<b>BELARUS</b> - HUMAN RIGHTS CENTER VIASNA	<b>EGYPT</b> - HUMAN RIGHTS ASSOCIATION FOR THE ASSISTANCE OF PRISONERS	<b>ITALIA</b> - LIGA ITALIANA DEI DIRITTI DELL'UOMO	<b>PANAMA</b> - CENTRO DE CAPACITACION SOCIAL	<b>TANZANIA</b> - THE LEGAL & HUMAN RIGHTS CENTRE
<b>BELGIQUE</b> - LIGUE DES DROITS DE L'HOMME	<b>EL SALVADOR</b> - COMISION DE DERECHOS HUMANOS DE EL SALVADOR	<b>ITALIA</b> - UNIONE FORENSE PER LA TUTELA DEI DIRITTI DELL'UOMO	<b>PERU</b> - ASOCIACION PRO DERECHOS HUMANOS	<b>TCHAD</b> - ASSOCIATION TCHADIENNE POUR LA PROMOTION ET LA DEFENSE DES DROITS DE L'HOMME (ATPDH)
<b>BELGIQUE</b> - LIGA VOOR MENSCHENRECHTEN	<b>ESPANA</b> - ASOCIACION PRO DERECHOS HUMANOS	<b>JORDAN</b> - JORDAN SOCIETY FOR HUMAN RIGHTS STUDIES	<b>PERU</b> - CENTRO DE ASESORIA LABORAL	<b>TCHAD</b> - LIGUE TCHADIENNE DES DROITS DE L'HOMME
<b>BENIN</b> - LIGUE POUR LA DEFENSE DES DROITS DE L'HOMME	<b>ESPANA</b> - FEDERACION DE ASOCIACIONES DE DEFENSA Y DE PROMOCION DE LOS DERECHOS HUMANOS	<b>JORDAN</b> - JORDAN SOCIETY FOR HUMAN RIGHTS	<b>PHILIPPINE</b> - PHILIPPINE ALLIANCE OF HUMAN RIGHTS ADVOCATES	<b>THAILAND</b> - UNION FOR CIVIL LIBERTY TOGO - LIGUE TOGOLAISE DES DROITS DE L'HOMME
<b>BHUTAN</b> - PEOPLE'S FORUM FOR HUMAN RIGHTS IN BHUTAN	<b>ETHIOPIAN</b> - ETHIOPIAN HUMAN RIGHTS COUNCIL	<b>KENYA</b> - KENYA HUMAN RIGHTS COMMISSION	<b>POLYNESIE</b> - LIGUE POLYNESIENNE DES DROITS HUMAINS	<b>TUNISIE</b> - ASSOCIATION TUNISIENNE DES FEMMES DÉMOCRATES
<b>BOLIVIA</b> - ASAMBLEA PERMANENTE DE LOS DERECHOS HUMANOS DE BOLIVIA	<b>EUROPE</b> - ASSOCIATION EUROPÉENNE POUR LA DÉFENSE DES DROITS DE L'HOMME	<b>KIRGHIZISTAN</b> - KYRGYZ COMMITTEE FOR HUMAN RIGHTS	<b>PORTUGAL</b> - CIVITAS	<b>TUNISIE</b> - CONSEIL NATIONAL POUR LES LIBERTES EN TUNISIE
<b>BOTSWANA</b> - THE BOTSWANA CENTRE FOR HUMAN RIGHTS - DITSHWANELO	<b>FINLANDE</b> - FINNISH LEAGUE FOR HUMAN RIGHTS	<b>KOSOVO</b> - CONSEIL POUR LA DEFENSE DES DROITS DE L'HOMME ET DES LIBERTES	<b>RÉPUBLIQUE CENTRAFRICAINE</b> - ORGANISATION POUR LA COMPASSION ET LE DÉVELOPPEMENT DES FAMILLES EN DÉTRESSE	<b>TURKEY</b> - HUMAN RIGHTS FOUNDATION OF TURKEY
<b>BRASIL</b> - CENTRO DE JUSTICA GLOBAL	<b>FRANCE</b> - LIGUE DES DROITS DE L'HOMME ET DU CITOYEN	<b>LAOS</b> - MOUVEMENT LAOTIEN POUR LES DROITS DE L'HOMME	<b>RUSSIA</b> - CITIZEN'S WATCH	<b>TURKEY</b> - INSAN HAKLARI DERNEGI / ANKARA
<b>BRASIL</b> - MOVIMENTO NACIONAL DE DIREITOS HUMANOS	<b>GEORGIE</b> - HUMAN RIGHTS INFORMATION AND DOCUMENTATION CENTER	<b>LEBANON</b> - PALESTINIAN HUMAN RIGHTS ORGANIZATION	<b>RUSSIA</b> - MOSCOW RESEARCH CENTER FOR HUMAN RIGHTS	<b>TURKEY</b> - INSAN HAKLARI DERNEGI / DIYARBAKIR
<b>BURKINA</b> - MOUVEMENT BURKINABE DES DROITS DE L'HOMME & DES PEUPLES	<b>GRECE</b> - LIGUE HELLENIQUE DES DROITS DE L'HOMME	<b>LEBANON</b> - FOUNDATION FOR HUMAN AND HUMANITARIAN RIGHTS IN LEBANON	<b>RWANDA</b> - ASSOCIATION POUR LA	<b>UGANDA</b> - FOUNDATION FOR HUMAN RIGHTS INITIATIVE
<b>BURUNDI</b> - LIGUE BURUNDAISE DES DROITS DE L'HOMME	<b>GUATEMALA</b> - CENTRO PARA LA ACCION LEGAL EN DERECHOS HUMANOS	<b>LETTONIE</b> - LATVIAN HUMAN RIGHTS COMITTEE		<b>UNITED KINGDOM</b> - LIBERTY
<b>CAMBODGE</b> - LIGUE CAMBODGIENNE DE DEFENSE DES DROITS DE L'HOMME	<b>GUATEMALA</b> - COMISION DE DERECHOS HUMANOS DE GUATEMALA	<b>LIBAN</b> - ASSOCIATION LIBANAISE DES DROITS DE L'HOMME		<b>USA</b> - CENTER FOR CONSTITUTIONAL RIGHTS
<b>CAMBODIA</b> - CAMBODIAN HUMAN RIGHTS AND DEVELOPMENT ASSOCIATION	<b>GUINEE</b> - ORGANISATION GUINEENNE POUR LA DEFENSE DES DROITS DE L'HOMME	<b>LIBERIA</b> - LIBERIA WATCH FOR HUMAN RIGHTS		<b>UZBEKISTAN</b> - HUMAN RIGHT SOCIETY OF UZBEKISTAN
<b>CAMEROUN</b> - LIGUE CAMEROUNAISE DES DROITS DE L'HOMME	<b>HAITI</b> - COMITÉ DES AVOCATS POUR LE RESPECT DES LIBERTÉS INDIVIDUELLES	<b>LIBYA</b> - LIBYAN LEAGUE FOR HUMAN RIGHTS		<b>UZBEKISTAN</b> - LEGAL AID SOCIETY
<b>CAMEROUN</b> - MAISON DES DROITS DE L'HOMME	<b>HAITI</b> - CENTRE OCEUMÉNIQUE DES DROITS DE L'HOMME	<b>LITHUANIAN</b> - LITHUANIAN HUMAN RIGHTS LEAGUE		<b>VIETNAM</b> - COMMITTEE ON HUMAN RIGHTS & QUE ME : ACTION FOR DEMOCRACY IN VIETNAM
<b>CANADA</b> - LIGUE DES DROITS ET DES LIBERTES DU QUEBEC	<b>HAITI</b> - RÉSEAU NATIONAL DE DÉFENSE DES DROITS HUMAINS	<b>MALAYSIA</b> - SUARAM		<b>YEMEN</b> - HUMAN RIGHTS INFORMATION AND TRAINING CENTER
<b>CENTRAFRIQUE</b> - LIGUE CENTRAFRICAINE DES DROITS DE L'HOMME	<b>INDIA</b> - COMMONWEALTH HUMAN RIGHTS INITIATIVE	<b>MALI</b> - ASSOCIATION MALIENNE DES DROITS DE L'HOMME		<b>YEMEN</b> - SISTERS' ARABIC FORUM FOR HUMAN RIGHTS
<b>CHILE</b> - CORPORACION DE PROMOCION Y DEFENSA DE LOS DERECHOS DEL PUEBLO	<b>IRAN</b> - DEFENDERS OF HUMAN RIGHTS CENTER	<b>MALTA</b> - MALTA ASSOCIATION OF HUMAN RIGHTS		<b>ZIMBABWE</b> - HUMAN RIGHTS ASSOCIATION
<b>CHINA</b> - HUMAN RIGHTS IN CHINA	<b>IRAQ</b> - IRAQI NETWORK FOR HUMAN RIGHTS CULTURE AND DEVELOPMENT	<b>MAROC</b> - ASSOCIATION MAROCAINE DES DROITS HUMAINS		
<b>COLOMBIA</b> - ORGANIZACIÓN FEMININA POPULAR	<b>IRLANDE</b> - IRISH COUNCIL FOR CIVIL LIBERTIES	<b>MAROC</b> - ORGANISATION MAROCAINE DES DROITS HUMAINS		

The International Federation for Human Rights (FIDH) is an international non-governmental organisation dedicated to the world-wide defence of human rights as defined by the Universal Declaration of Human Rights of 1948. Founded in 1922, the FIDH has 155 national affiliates in all regions. To date, the FIDH has undertaken more than a thousand international fact-finding, judicial, mediation or training missions in over one hundred countries.

PRIX DES ABONNEMENTS PUBLICATIONS DE LA FIDH	<i>La Lettre de la FIDH</i> 6 N°/an	Rapports de Mission 12 N°/an	<i>La Lettre et Rapports</i>
France	25 Euros	45 Euros	60 Euros
UE	25 Euros	50 Euros	65 Euros
Hors UE	30 Euros	55 Euros	75 Euros
Bibliothèque/Étudiant	20 Euros	30 Euros	45 Euros

## FIDH

17, passage de la Main d'Or - 75011 Paris - France  
CCP Paris : 76 76 Z  
Tél. : (33-1) 43 55 25 18 / Fax : (33-1) 43 55 18 80  
E-mail : [fidh@fidh.org](mailto:fidh@fidh.org)  
Site Internet : <http://www.fidh.org>

Director of the publication : Souhayr Belhassen  
Editor : Antoine Bernard  
Authors : Isabelle Gourmelon, Aurélie Arnaud, Jean-Claude Katende  
Coordinators : Elin Wrzoncki  
Assistant of publication : Céline Ballereau-Tetu  
Printing by the FIDH - Dépôt légal Septembre 2007 -  
ISSN en cours - N°477/2  
Commission paritaire N° 0904P11341  
Fichier informatique conforme à la loi du 6 janvier 1978 (Déclaration N°330 675)