

STRIKING GOLD IN BURKINA FASO

Burkina Faso



The trend of rising gold prices in recent years has fuelled a gold rush in Burkina Faso, and the State is working to implement mechanisms that will accommodate both industrial and small-scale mining. *Photo: ©Andrea Nightingale*

By Muriel Côte

INTRODUCTION

Burkina Faso is currently experiencing a dramatic gold mining boom. It has been fuelled by a hike in global gold prices and by government reforms aimed to attract Foreign Direct Investment in the sector. Gold mining has enormous potential to support development that benefits the poor. Six industrial mines have been opened since 2008, and seven others are projected. At the same time, small-scale artisanal mining has rapidly expanded and generated a unique increase in wealth for rural households.

At least 650,000 people are estimated to benefit from artisanal mining. The ability of the State to accommodate both industrial and small-scale mining interests will largely determine whether gold mining can lead to sustained improvements in rural welfare in Burkina Faso. One way the central State is attempting this is through using Authorisation for Artisanal Mining (AAM) licenses to formalise small-scale mining activities. This brief examines the extent to which these licenses are achieving the intended formalisation objectives.



MAP



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Small-scale artisanal mining has been a mainstay since the 1980s; large-scale industrial mining is a more recent development in Burkina Faso.

➔ Informal mineral extraction is organized around various activities and includes several different roles for local people, including diggers underground, and 'pullers' above ground. (Above) A prospector washes the ore, looking for gold. Photo: Ollivier Girard/CIFOR

BURKINA FASO'S GOLD RUSH

After 2006, global gold prices climbed to an all-time high as a result of successive global economic and financial crises. This has attracted significant interest from domestic and international investors in the extraction of gold in Burkina Faso. At present, the gold mining sector is divided between a largely foreign-based and large-scale mining industry, on the one hand, and domestic and rural-based small-scale mining, on the other. The former has only developed recently, with the construction of six large-scale open-pit mines since 2008. This development has brought Burkina Faso to the rank of Africa's third-largest gold producer.

Small-scale artisanal mining on the other hand mostly started in the 1980s, but it has dramatically expanded since the rise of global gold prices. It is carried out manually and involves the large base of rural farmers who are increasingly turning to mining as a complement to existing livelihood activities. Artisanal mining, referred to as *orpaillage* in French, the official language, is mostly informal in the sense that it operates without legal permits.

The reason government authorities tolerate *orpaillage* despite its illegal character seems to be that it is undertaken by a great number of rural dwellers, and forbidding the activity would be difficult to enforce. In addition to direct employment in *orpaillage* mines, the sector generates demand for goods and services, which is boosting small businesses in rural areas (e.g., selling water, mini-restaurants and bars, hardware, mobile phone shops, motorcycle shops).

Places like the Central Plateau, that had for a few decades suffered high rates of out-migration in the countryside, are now seeing migrants returning and newcomers arriving in the areas where gold is found. There are no reliable figures for the number of people involved in *orpaillage*, but a study conducted by Jacques et al. (2006) suggested that in 2006 it benefited at least 650,000 people indirectly. Since the rise of global prices this is likely to be a large underestimate.

Given the expansion of both formal large-scale mining and informal *orpaillage*, competition is growing between these two subsectors. However, without legal endorsement, the latter is generally unable to secure access to gold

resources. In this context, the ability of the State to accommodate both foreign and domestic interests is a fundamental element of the future development potential emerging from the mining sector in Burkina Faso. Although the State does not recognise *orpaillage* as a viable development path, institutional frameworks have been elaborated and designed to formalise *orpaillage* activities, but these have yet proven inadequate.

GROWING GAP BETWEEN FORMAL AND INFORMAL MINING

The regulation of the mining sector in Burkina Faso began in 1986, when the State established a monopoly on gold trade and export through the parastatal *Comptoir Burkinabè des Métaux Précieux* (CBMP). At that time, there was not a mining title regime. Small-scale mining by farmers was supported and supervised by CBMP civil servants who were posted in rural provinces to oversee working arrangements and prevent fraud. These civil servants were the authority in charge when issues arose on *orpaillage* sites (Gueye 2001). In 1991, Structural Adjustment Programmes implemented with the support of the International Monetary Fund and the



In addition to providing employment, the informal mining sector generates demand for goods and services, which boosts small businesses in rural areas.

➔ Artisanal mining provides jobs for various categories of community members. For example, older men may not be able to go underground or pull heavy bags of stone, but they can be hired to manually crush stones pulled out of the ground. Photo: ©Muriel Côte

World Bank reduced the grip of the central government in the mining sector and effectively put an end to the State monopoly. With the privatisation of gold trade and export, the CBMP became redundant, and eventually went bankrupt in the 2000s.

As a way to replace the CBMP, the first Mining Code (1997) promoted private entrepreneurship, including the possibility for small-scale miners to formalise their rights to mining by pursuing an Authorisation for Artisanal Mining (AAM). This authorisation can be purchased for the equivalent of \$200 (CFA 100,000), which is relatively inexpensive. It grants the right to extract gold over a specified area of up to a maximum of 100 ha. It is issued exclusively to Burkinabè nationals or to majority Burkinabè-owned companies. An AAM is valid for two years and is infinitely renewable. This authorization is intended as a way to formalise small-scale mining and, eventually, to “make it easier for domestic enterprises to follow a ‘graduation path’ leading, eventually, to large-scale mining,” (Oxford Policy Management 2011, pg. 46).

However, in practice AAMs are rarely held by small-scale miners, and conversely, the majority of small-scale

miners operate without an AAM as illegal, but tolerated, *orpaillage*.

As a result, in *orpaillage* sites tenure is informal. While *orpaillage* working arrangements may appear disorderly at first, the sites operate according to clear customary rules that have developed endogenously. These rules vary from one site to the next, but social anthropologists who have studied these arrangements have been able to draw out a set of principles according to which *orpaillage* mining sites are informally regimented. Panella (2010, pg. 4) precisely identifies three configurative principles: 1) pre-existing lineage-based (usually called ‘customary’) institutions and practices for the allocation of land; 2) previous administrative and technological intervention (like that of the CBMP); and 3) geological and geographical contexts. This is true for *orpaillage* mining in southwestern Burkina Faso (Werthmann 2006) and in northern parts of the country.

For example, in the village of Bakou, in the commune of Séguénéga situated in northern Burkina Faso, *orpaillage* labour and land allocation is overseen by resident farmers-turned-*orpaillage* miners. The structure guiding allocation is based on two family lineages, as well

as on previous arrangements initially set up by CBMP agents. Since the CBMP was disbanded, these arrangements have evolved largely unsupervised by the administration, at the margins of legality, mainly because of the inadequacy of legal frameworks provided by AAM licenses.

IMPACT OF ARTISANAL MINING LICENSES ON THE RURAL POOR

Around 200 AAMs are held today in Burkina Faso. While this may seem to indicate a successful attempt at formalising small-scale mining, in fact, it reflects poorly compared to the 600 industrial mining titles that are held. In addition, AAMs are never held by rural *orpaillage* miners seeking to formalise their activities, nor do AAMs benefit these miners. Drawing on two case studies in Burkina Faso, we examine the reasons why.

1. The AAM does not confer tenure security and can be over-ridden by industrial mining licenses. Only one AAM can be held over a single area. However, if a site under an AAM proves to be particularly fruitful, a wealthier entrepreneur may acquire an industrial mining license that entitles them to

exclude the pre-existing AAMs. Mégret (2010) shows that industrial prospective licenses are indeed pursued in places where AAMs have been fruitful.

Legislation is ambiguous on the way arbitration between AAM and industrial mining claims should be conducted. Article 185 of the Mining Code (2003) states that an AAM can be withdrawn as soon as an exploitation license application has been submitted for the same area. Further, Article 171 stipulates that AAMs will not be renewed when an application for an exploitation license has been made 60 days prior to the expiration of an AAM. In such cases, the Mining Code provides that the administration invites both parties to negotiate the terms of compensation, or appoints an expert consultant paid by the parties, to provide a fair compensation amount. However, it is difficult to establish the extent to which actual compensation is being paid in practice since those agreements are not made public.

In both cases, however, priority is given to industrial mining titles over artisanal mining, which acts as a disincentive for artisanal miners to pursue AAMs. Mégret (2010) showed that, in southwest

Burkina Faso, AAM holders have turned to pursuing industrial prospecting licenses (*permis de recherche*) as a way to better secure their access to gold (see also Luning 2008). A shortcoming to this practice is the risk of fuelling land speculation, rather than encouraging and improving artisanal production. AAM holders acquire prospecting licenses in order to prove the value of a particular licensed area, and to sell their prospecting permit to high bidding international mining companies.

2. When AAMs are pursued, they are always acquired by wealthy entrepreneurs based in the capital, rather than rural-based *orpaillage* miners, and they are often used in ways that disempower the latter. AAM licenses are generally acquired over places where *orpaillage* mining is intense because that indicates that the area is rich in gold deposits. As Mégret (2010) and Luning (2008) both show, an AAM license allows its holder to buy gold extracted by *orpaillage* miners already working in the area.

In many cases, AAM licenses are held by national elites who also own private gold trading companies called *comptoirs*, such as Sav'Or and SOMIKA. These AAM

holders rely upon the *orpaillage* miners as their labour force. The *orpaillage* miners are forced to sell their gold to the AAM holder, who buys the gold at a lower price than what the miners could receive on the black market. This means that when an area becomes licensed as an AAM, pre-existing *orpaillage* miners can either leave—and risk not finding an equally prolific area to work—or work for lower 'wages' for the AAM license holder/*comptoir*. This also means that *orpaillage* miners tend to prefer working in areas that are not under an AAM license, which further fuels the informal/illegal sector (Côte 2013).

+ FACT

There are over 200 artisanal mining licenses (AAMs) in Burkina Faso, but AAMs are never held by small-scale *orpaillage* miners; they are usually held by wealthy elites from the capital.

→ An Adsorption, Desorption and Recovery plant in Burkina Faso. Photo: ©Isuru Senevi



National authorities tolerate this situation because, after the CBMP disappeared, AAM licenses and gold traders became the only way that the State could keep track of non-industrial gold production. Staff working at the Artisanal and *Orpaillage* Department of the Ministry of Mines said that, “after the CBMP ceased to exist, there was a significant fall in statistical data about *orpaillage* production and a clear decrease in State revenues from the artisanal sector. In a sense, the private *comptoirs* through the AAM replace or make up for the lost CBMP, but it is difficult for us to hold them to declare what they produce.” (Interview with the author, 4 December 2012.)

Another reason why the government tolerates the situation is because AAMs have become a way for industrial sector operators to circumscribe *orpaillage* mining activities on their permit area. A case study by Luning (2008) examined how this worked in the province of Sanmatenga, where the High River Gold company held an industrial prospecting permit. In its permit area, the intensity of *orpaillage* activities made it impossible for the company to evict *orpaillage* miners. Instead, the company decided to allow a *comptoir*/AAM to be held in parts of its permit area considered ‘low priority’ because of the relatively poor gold content. The *orpaillage* miners were physically

confined and supervised (including security) in this low potential area by the AAM holder, SOMIKA.

3. The exploitation of *orpaillage* miners by AAM holders is fuelling local conflicts and injustices. As mentioned above, AAM licenses are usually pursued in places where *orpaillage* activities are already being undertaken. In Sanmatenga and Kampti, Luning (2008) and Mégret (2010) both found that areas with dense *orpaillage* activities are specifically sought after by *comptoirs* to acquire AAMs because they see the presence of *orpaillage* as an indication of significant gold content. While *orpaillage* miners are forced to sell the gold they extract to the *comptoirs* at a lower price than before, conflicts often emerge between *orpaillage* miners and *comptoirs*/AAM staff.

These local conflicts, often violent ones, have multiplied nationally, and have occasionally resulted in the loss of lives. In many such cases reported in the national press, AAM/*comptoir* holders are rarely held responsible for these troubles. On the contrary, *orpaillage* miners are often those receiving sentences, including imprisonment (Ilboudo, 2012). While this rarely comes as a surprise to the general public because of the generally bad reputation of *orpaillage* miners, it continues to marginalise *orpaillage* as a legitimate

livelihood and further delays the prospect of integrating *orpaillage* into the formal sector.

4. Finally, the delivery of mining licenses is highly centralised, and rural dwellers have little say in deciding who may and may not be allocated an AAM. Mineral resources are legally the property of the State and all licenses are delivered by central authorities. Local elected municipal authorities only have a consultative role in the attribution of industrial mining licenses. With regards to AAMs, municipal authorities are, in theory, required to give their consent for an AAM to be granted by central authorities, but this is not always done. In some cases, rural authorities provide their consent without fully understanding the implications, particularly the risk of conflict among their constituents, and between them and AAM holders. In other cases, AAM holders—such as in Sanmatenga—negotiate access to mining sites with customary authorities as well as with municipal authorities. Conflicts often occur when the two groups disagree over the benefits that an AAM license can bring to the community. These conflicts can be extremely harmful, as they serve to divide communities and undermine the legitimacy of elected municipal authorities, as well as the latter’s ability to negotiate adequate compensation.



When mining companies get licenses over an area, *orpaillage* miners there are forced to sell the gold they extract to the *comptoirs* at a lower price than they previously received on the black market, leading to conflicts. Photo: ©Muriel Côte



WAYS FORWARD

The lack of government recognition of *orpaillage* mining as a viable livelihood activity has become increasingly problematic in Burkina Faso. *Orpaillage* is not welcome in all rural communities in Burkina Faso, as in some places it is considered a degrading livelihood. But in most places it also constitutes an important cash-generating activity that cannot be ignored by national authorities.

The inadequacy of current institutional frameworks constitutes a threat to both social peace, and to the development potential of gold mining for the vast majority of poor rural dwellers.

The Mining Code is currently under revision, with a new version expected in 2013. Changes of significance appearing in the draft are noted by Emery Mukendi Wafwana & Associates PC (October 2013), and can be found [here](#). In addition, the work of EITI (Extractive Industries Transparency Initiative)

has encouraged multi-stakeholder discussions, and presents hopeful signs of improvement towards greater public disclosure in the Burkinabè mining industry. On the other hand, these formal processes mostly address governance challenges that pertain to the formal industrial sector, and they tend to ignore both *orpaillage* and local governance challenges in both the formal and informal branches of the mining sector (Arnaldi et al. 2011).

During the inauguration of the latest industrial mine in Bissa on 17 January 2013, the Minister of Mines, Salif Lamoussa Kaboré, said:

“The contribution of the mining industry to economic development must be more visible... We are working towards this, by encouraging investments in the sector and by improving the training of national engineers, which is supported by win-win [development] partnerships, and we are also working to distribute these new mining rents more equitably.” (Béjot, 2013).

The central government is also focused on addressing the shortcomings associated with current formalisation procedures for small-scale mining operations. Better control over the *orpaillage* sector is a tactical necessity for the central government. A report adopted by the government on 6 February 2013, for example, suggests the creation of a new public institution aimed to reframe the central government’s role in both the formalised and illegal artisanal sector.

Ministry staff at the *Orpaillage* and Artisanal Mining Department are optimistic that this could also be an opportunity for both greater oversight of the profits from AAMs, on the one hand, and for better recognition of the role that *orpaillage* plays in supporting the livelihoods of many Burkinabè citizens (Interview with the author, 20 December 2012).

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