



MANAGING LOCAL COMMUNITY DEVELOPMENT RELATED TO THE MINING INDUSTRY: A WORKSHOP FOR WAEMU MEMBER STATES

OUAGADOUGOU, BURKINA FASO

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INTRODUCTION

From July 1 to 5, 2019, a workshop was held in Ouagadougou, Burkina Faso, on the management of community development related to the mining industry. Workshop participants included 22 officials from administrations responsible for mining, economy and finance and six representatives from municipalities of member states of the [West African Economic and Monetary Union](#) (WAEMU).

This training and discussion workshop was organized by the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF), in partnership with the WAEMU Commission, as part of the implementation of the Memorandum of Understanding between the WAEMU Commission and the International Institute for Sustainable Development (IISD).

The workshop's main facilitators were Mr. Sominé Dolo, expert in economics and finance and founding partner of Kanaga Consulting, and Dr. Suzy H. Nikiéma, International Law Advisor

and Regional Coordinator for Africa for the IISD ELP Program. Mr. Adama Soro, consultant in the governance of extractive resources, Mr. Rémy Barry, community development consultant, and Mr. Oumar Traoré and Mr. Amidou Ouattara, SEMAFO, also presented their perspectives on specific issues.

OPENING CEREMONY

The opening ceremony featured an address given by Mr. Ousmane Diakité, Technical Advisor to the Commissioner of the Department for the Development of Enterprise, Mining, Energy and the Digital Economy. Mr. Diakité spoke on behalf of the commissioner, Ms. Fily Bouaré Sissoko.

PRESENTATION OF TRAINING OBJECTIVES

Following the opening ceremony, Dr. Nikiéma presented the training objectives and the main issues that would be addressed. She expressed that the theme of community development is



both vast and crucial for the mining industry and that the workshop would be focusing on one tool: the mining local development fund (MLDF). This tool is preferred by several WAEMU member states and presents significant opportunities and challenges. Dr. Nikièma said that the aims of the meeting were to gain insight into the use of this tool in the WAEMU space, to draw inspiration and learn lessons from other models used internationally, to better understand the perspectives of various stakeholders, and to agree on key issues and basic principles for success. Using these as a starting point, the workshop aimed to propose specific solutions and options to improve the tools in place and shape those under development.

Dr. Nikièma stressed the importance of a methodological approach to sharing experience and of the participation and interaction of participants. She emphasized the special nature of this workshop as the first of its kind with participants outside of the central governments.

PRESENTATION ON THE IGF

Dr. Nikièma then gave a brief presentation on the IGF and IISD. She lauded the strong partnership between the IGF and the WAEMU Commission and the recent renewal of the Memorandum of Understanding between the two organizations.

TRAINING MODULES

1. THE CURRENT SITUATION AND THE CHALLENGES OF MLDFs IN WAEMU

Representatives of each country were invited to provide an overview of the current situation, including challenges, regarding the creation and/or implementation of MLDFs in their respective countries. The various presentations portrayed a variety of models currently in use in WAEMU in terms of structure, funding, distribution, implementation of activities, monitoring, etc. They also outlined a series of challenges around the process of operationalization of the funds, which has been slow and laborious but is reaching or nearing completion in Côte d'Ivoire, Burkina Faso and Senegal. Countries that have not yet established MLDFs in their legislation (Mali, Niger and Benin) presented alternative mechanisms in place for community development. These mechanisms include voluntary funds or funds negotiated with, and under the control of, the mining companies; regulatory or contractual requirements for actions and contributions to community development; and mechanisms for the transfer of a share of income to municipalities.

Mr. Émile B. Kaboré, Head of the Mining and Hydrocarbons Division of the WAEMU Commission, presented the WAEMU regional approach in the [Revised Community Mining Code currently being adopted](#).

In the second part of this first workshop day, the representatives of municipalities from Benin, Burkina Faso, Mali, Niger, Senegal and Togo spoke about the opportunities and challenges of MLDFs broadly related to community development in their respective municipalities. The opportunity for economic and social development brought by mining and the establishment of a mining community development fund were highlighted. Major challenges cited include the timely transfer of resources to local governments and collaboration between the municipalities and central government involved in the implementation of social and community investments.



2. PLACING COMMUNITY DEVELOPMENT OBJECTIVES IN THE BROADER CONTEXT OF SUSTAINABLE DEVELOPMENT

This issue, which preceded the presentation of the specific tools for community development, was intended to describe the context by highlighting the relationships between mining, sustainable development and local development. Two important and far-reaching mechanisms with an impact on community development were presented: environmental and social impact assessments (ESIAs) and associated plans, and local content policies.

- **Mining, sustainable development and local development**

Mr. Dolo started by saying that the concept of community or local development reflects the objective of minimizing the negative social and environmental impacts of mining, while optimizing its potential economic benefits for local populations. He then went on to illustrate the links between mining and local development through four studies about the impact of mining on community development. The first study showed that African commodity-exporting countries have lower Human Development Indices than their peers from other continents; the second, on the other hand, used the example of the Tasiast Mine in Mauritania to show how mines communicate their (positive) impact on human development

and achievement of the Sustainable Development Goals.

The third example was a recent World Bank study based on quantitative and qualitative analyses comparing mining and non-mining areas. The findings of this study indicate that the positive impact on incomes and human development indicators in mining communities is more pronounced for the market channel (compared to the fiscal and environmental channels) and that, overall, mining communities experienced positive, but limited, benefits.

The fourth and final study chosen by Mr. Dolo tracked the divergent development paths followed by the mining city of Johannesburg in South Africa, on the one hand, and the towns of Tarkwa and Obuasi in Ghana, on the other hand, where mining started at the same time (in the late 19th century). The author of the study outlines the potential causes identified that can explain this divergence.

Following the presentations, participants discussed hypotheses and evidence from each study and interpreted the studies' findings in light of their own experiences.

- **ESIAs and associated plans**

Dr. Nikiéma presented on the place and role of ESIAs, environmental and social management plans, and closure plans. She began by sharing that ESIAs are intended to

minimize negative impacts and strengthen positive impacts, are regulated in different countries, and benefit from broad international consensus and standards. She highlighted the importance of these studies for community development, before talking in detail about possible links between MLDFs and ESAs. There is a need to ensure coherence and complementarity between the two tools. Dr. Nikiéma closed by informing participants that [a guide on the legal framework for ESAs and related plans](#) is currently being developed by the IGF and would probably be published in 2020.

- **Local content policies**

The role of local content policies was explored by Mr. Dolo through the example of the Kinross Gold Corp., which operates gold mines on four continents (two in West Africa, in addition to mines in North America, Latin America and Russia). Mr. Dolo defined the concept of local content and highlighted the predominance of wages and purchases of goods and services in the distribution of value created by the mining company, particularly in comparison to the fiscal channel (taxes and duties) and community investments. By comparing data from the Kinross mines in West Africa with its mines on other continents, Mr. Dolo then demonstrated the low level of access by local populations to technical and administrative jobs and the low level of “local local” procurement (that is, procurement from the “mining area”) for Kinross’ West African mines. Comparing the company’s mines in Latin America to those in West Africa, Mr. Dolo described the policies successfully implemented to increase local content in Chile. He ended his presentation by reminding participants about the [IGF guidance on local content policies and associated case studies](#), which are available online.

The main points from the discussions that ensued were that implementation of local content policies must be based on a consistent approach and must mobilize the collaboration of all stakeholders, with a predominant role for the state.

3. TOOL 1: THE MLDF

Mr. Dolo summarized the key features, similarities and differences of the mining funds established in the WAEMU space. He clarified the concept by differentiating between institutional mining funds (i.e., those established by the state) and other local development funds and financing mechanisms established on a voluntary basis or negotiated with the mining company. The latter generally remain under the control of the mining company to some extent. Participants agreed that the concept of the mining fund as developed in the workshop was limited to funds set up by the state through regulation, the potential value of other community development tools notwithstanding.

4. TOOL 2: CORPORATE SOCIAL RESPONSIBILITY (CSR)

This session was led by Mr. Adama Soro, consultant and expert in governance of the mining industry. Mr. Soro focused his comments on the socioeconomic impact of industrial mining, CSR and its specific nature in the extractive sector, and challenges and opportunities for CSR considering the advent of MLDFs. Through Mr. Soro’s presentation, participants gained an understanding of not only the origin of the concept of CSR and its forms and manifestations, but also the possible avenues for CSR in a future marked by the institution of MLDFs by states.

5. TOOL 3: COMMUNITY DEVELOPMENT AGREEMENTS (CDA)

In this session, Mr. Dolo described CDAs as a tool widely used and recognized as good practice for community development. He started by pointing out that, despite the variety of terminologies used, CDAs share some distinctive common elements, including negotiation, reciprocal obligations (legally binding or not) between the parties and development goals broader than mere financial compensation. He noted that, depending on the jurisdiction, CDAs are totally voluntary or mandatory, or lie between the two (i.e., the result of indirect or induced obligations).

Mr. Dolo used case studies to explore examples in Canada, Mongolia and Ghana, each to illustrate a very specific approach to CDAs.

Comparing CDAs with MLDFs, Mr. Dolo pointed out the similarities between the two tools, both of which seek to secure harmonious coexistence between mines and communities. He also highlighted their differences and launched a debate on the pros and cons of each tool for the WAEMU member states.

6. TOOL 4: FISCAL REDISTRIBUTION TO LOCAL GOVERNMENTS

Mr. Dolo began this session by using a diagram to show the breakdown of collection and spending of mining revenues between central government and local governments, explaining the concepts of local government budgets, transferred resources, revenue sharing and fiscal decentralization.

Using Peru as an example, Mr. Dolo showed that fiscal redistribution, based on the transfer of a significant share of mining companies' corporate income tax to communities, could be advantageous to local governments. He mentioned, however, that outcomes in Peru remain mixed, because conflicts paradoxically worsened in mining areas and several studies have questioned the impacts of fiscal redistribution on human development.

Having explored each of these community development tools in detail, all the tools presented and their relationships were summarized in the form of a graphical diagram at the resumption of work the next day.

7. OTHER STAKEHOLDERS' PERSPECTIVES: THE MINING INDUSTRY AND AFFECTED COMMUNITIES

The mining industry's perspective was presented by Mr. Oumar Traoré, Head of Community Relations at SEMAFO's Mana mine, and by Mr. Amidou Ouattara, head of the SEMAFO Foundation. On the subject of implementation of MLDFs, Mr. Traoré argued that SEMAFO would continue its CSR actions in support of local communities. These actions would, however, be redirected toward support for the creation of micro-enterprises and for capacity building (appropriate technical training). Mining companies' concerns include administrative burdens, good governance of resources and continued requests to mining companies for grievances that ought to be resolved by the MLDFs. Finally, Mr. Traoré made suggestions for the MLDF being implemented in Burkina Faso.

Mr. Rémy Barry, General Supervisor of SN-ERFAC, shared the perspective of communities affected by mining. Mr. Barry started by setting out the outcomes of CSR as perceived by local communities. He listed a number of difficulties and then painted a portrait of the perspectives of local communities with the implementation of the MLDF.

8. PLENARY EXERCISE: IDENTIFICATION OF THE KEY PRINCIPLES OF COMMUNITY DEVELOPMENT IN THE WAEMU SPACE

Mr. Dolo began this session by talking about international standards and good practice for MLDFs and mining community development funds, including those from ISO 26000, those of the International Finance Corporation and those arising from the practice of CDAs.



The plenary exercise consisted of asking each participant to select four key principles, from a list of a dozen principles arising from the standards, that should be priorities in the WAEMU space and to comment on the extent to which these principles are addressed in the system in place in their country. From this exercise, the four principles that emerged were transparency and accessibility of contributions, transparency in the use and management of resources, alignment with local development plans and/or the community's development priorities, and the monitoring and evaluation of outcomes (measurement).

9. GROUP EXERCISES: IMPROVING THE OPERATION AND OUTCOMES OF MLDFS IN THE WAEMU SPACE

Three group discussion sessions with feedback in plenary were held in order to have in-depth discussions of pathways to improve the operation of mining development funds in WAEMU. The first session focused on the structure, institutional anchoring and funding of the MLDFs. This was preceded by a presentation by Mr. Dolo on the structures and rules of distribution of funds currently in place in member states and on questions to guide the reflections and group discussions.

The second session concentrated on the use and management of the funds. Group discussion was once again guided by Mr. Dolo using a series of questions that shed light on the challenges of managing MLDFs.

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IMPROVING THE OPERATION AND OUTCOMES OF MLDFS IN THE WAEMU SPACE: KEY QUESTIONS	
Structure, institutional anchoring and funding of MLDFs	Use and management of MLDFs
<p>How and by whom will funds be resourced?</p> <p>One fund per category of contributor (state vs. mining company) or one common fund?</p> <p>One fund or several funds (one per mine)?</p> <p>Where should funds be housed?</p> <p>Time frame for funding: before or just during mining operations?</p> <p>Time frame for using of fund: just during or also after mining?</p> <p>Beneficiaries and distribution keys?</p>	<p>In which sectors will the funds be used?</p> <p>What will the basis and process be for the allocation of funds (action plan/development plan, etc.)?</p> <p>What body/bodies (with what make-up and decision-making process?) will be tasked to decide on the allocation of funding to projects/activities?</p> <p>What will the procedures be for the award of contracts for the execution of projects/activities?</p> <p>What body/bodies will be responsible for control?</p> <p>What body/bodies will be responsible for monitoring and evaluating impacts? How often will monitoring and evaluation take place?</p>

The last session of the workshop brought together all the approaches discussed in a comprehensive scenario-based exercise about defining the ideal tool for community development. Participants reached a consensus in favour of the option of an MLDF that could be combined with mandatory CDAs or solely with the mining companies' voluntary CSR plans.

THE MINISTER ASKS YOU TO PROPOSE THE IDEAL COMMUNITY DEVELOPMENT TOOL FOR DOUNIA. SHOULD IT:

- Make CDAs mandatory?
- Create one or more MLDFs?
- Transfer a significant proportion of mining revenues to municipalities?
- Make CSR mandatory?
- Combine two of these approaches? If yes, which ones? What role would each of them play?

CLOSING CEREMONY

The closing ceremony was chaired by Mr. Bangraogo Émile Kaboré, Head of the Mines and Hydrocarbons Division at the WAEMU Commission. He congratulated all the participants for their interest in the training and expressed his hope that the results of the workshop would contribute to further strengthening the capacity of governments and municipalities in community development related to the mining industry. Certificates of participation and USB sticks containing all the workshop documentation were given to the participants.

For more information about the IGF please contact the Secretariat:

220 Laurier Avenue West, Suite 1100
Ottawa, Ontario Canada K1P 5Z9
Email: Secretariat@IGFMining.org
Phone: +1 613-778-8767 (Ext. 105)



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