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PUBLIC DISCLOSURE AUTHORIZED

BURKINA FASO

VOL. 1
1994

C. ANDREWS
IENIM

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T2013-173 Other #:

385709B

Mining Sector Capacity Building and Environmental Management Project - Burkina Faso -
Credit N029, Credit P784, Credit P911 - P000283 - 1994 - Craig Andrews - General

13 May 94
Barleina Meeting
WB & IMF

IMF mission - 16 Nov arrive. Stay until 25th.
Revenue developments → less optimistic than thought.
Revenue collection - on paper but not effected. ~~For~~
Unit set up to collect 100 enterprises in areas - now
in the D&I. But not sure it is effective. Identifying
number. Regie X9 - BNBD → liquidate decision &
plan.

RR - personnel costs = 85% of revenues -
productivity is essential.

Air Barleina has lived up to obligations - but but
very hard by dislocation.

OFFICE MEMORANDUM

DATE: December 30, 1994

TO: Olivier Lafourcade (AF5DR)

FROM: Craig B. Andrews, Task Manager, IENIM

EXTENSION: 34275

SUBJECT: **BURKINA FASO: Request for PPF, Mining Sector Technical Assistance**

1. The government of Burkina Faso has requested (letter of 20 October 1994) an advance in the amount of US\$ 600,000 on the IDA technical assistance loan under preparation for the mining sector. This memorandum summarizes the potential economic contribution of the mining sector in Burkina, the salient features of the loan under preparation, why a PPF is necessary, and the activities as well as financing and procurement arrangements for the PPF.

2. The present contribution of the mining sector to Burkina Faso's economic development is substantial: gold exports are the second largest foreign exchange earner (after cotton) and an estimated 100,000 derive a livelihood from mining activities. Current production of gold is around two tonnes per annum (market value US\$ 24 million); industrial scale exploitation of manganese and zinc could also begin if infrastructure problems were solved. Since mid-1993, more than 20 international mining companies, as well as a number of small Burkinabe firms, have taken up exploration licenses. Annual exploration expenditures can be estimated in excess of US\$ 15 million and there is every likelihood that one, perhaps two, medium sized gold mines could be developed over the next five years. Based on experience in other West African countries, these could produce 10 tonnes of gold annually, contributing US\$ 120 million to export earnings and substantial tax receipts to the government. Through induced effects, a private mining industry can help significantly to alleviate poverty in rural areas and to provide focus to the use of scarce public resources.

3. The influx of mining sector investment has simply overwhelmed the government. In order to continue to attract and to retain investors the government must: (i) adopt the proper sector policies and strategy, (ii) revise out-dated mining legislation, (iii) adopt a competitive sector fiscal regime and improve the implementation thereof, (iv) improve the capacity of government institutions to supervise sector activities, (iv) organize and up-grade the geological database, and (v) adopt appropriate environmental policies and regulations.

4. The government has become acutely aware of these requirements and has begun taking steps to meet them. For the past several months, the government, in collaboration with Bank AF4IE and IENIM staff, has been preparing a technical assistance loan for the

mining sector. This IDA loan, provisionally estimated at US\$ 40 million, would fund technical assistance and the procurement of some equipment to:

- prepare mining regulations and a model investment agreement;
- improve mining taxation arrangements;
- enhance the human capacity in the sector services;
- re-organize and strengthen government institutions;
- acquire and organize geological data;
- create a mining cadastre;
- provide training in land and mine title management;
- prepare environmental standards and regulations;
- strengthen government environmental monitoring;
- provide studies the artisanal mining activities;
- devise and implement an investment promotion program;
- complete the privatization of state owned mining assets.

5. The preparation of the loan is being carried out by the government without a thorough knowledge of international best practices relative to mining policy, legal, fiscal, institutional, and marketing arrangements. A PPF would not only help the government to prepare the loan but also to build ownership for the project as well as enhancing the government's ability to comply various conditionalities prior to effectiveness and during project implementation. The funds would be used to procure the services of international and local consultants as well as some limited logistical equipment to: (i) conduct a policy dialogue and prepare of a letter of sector strategy; (ii) revise the mining code; and (iii) prepare a technical and financial evaluation of gold marketing, the appropriateness of the government monopoly on gold exports, and the role of the government owned Comptoir Burkinabe des Metaux Precieux.

6. The PPF is required because the magnitude and duration of the work is not suitable to other trust funds. The PPF would be implemented by the Ministry of Commerce, Energy and Mines under the day to day supervision of a local coordinator selected by the government. The Minister of Economy, Finance and Plan (or his delegate) would be authorized to sign the letter of agreement and applications for withdrawal of funds. International and local consultants would be selected according to standard bank procurement procedures. Because the IDA loan is scheduled for appraisal in June, 1995, it is essential that the government move quickly to implement the activities under the PPF. It is anticipated that the PPF activities could be phased (the policy dialogue and gold marketing study are of immediate urgency) and the PPF could continue up until project effectiveness.

CW and CC: Mme. Mary Oakes Smith, Chief (AF4IE)

CC: Messrs./Mmes. Franz Kaps (AF4DR); Whitney Foster, Anne Doize (AF4OD);
I. Hewawasam (AF4IE); Peter Van der Veen (IENIM); Albert Osei,
Celestin Bado (resident mission)

BURKINA FASO

AIDE MEMOIRE MISSION DE PREPARATION PROJET D'ASSISTANCE TECHNIQUE AU SECTEUR MINIER (SOUS RESERVE DE CONFIRMATION)

16 DECEMBRE 1994

Une mission conduite par Monsieur Craig Andrews, Spécialiste Minier de la Division de l'Industrie et des Mines de la Banque Mondiale, a eu lieu à Ouagadougou du 11 au 16 décembre 1994. Les objectifs de la mission étaient, (i) d'aider le gouvernement à la préparation du PPF suite à la demande du gouvernement auprès de la Banque à cet égard; (ii) de discuter avec les responsables du gouvernement sur les diverses procédures de la Banque en matière de recrutement de consultants et exécution des projets; (iii) de s'informer sur la situation du secteur minier depuis la dernière mission en juillet 1994; et (iv) de continuer la préparation des différents volets du Projet d'Assistance Technique au Secteur Minier.

Durant la mission, les entretiens ont eu lieu avec S.E.M. le Ministre de l'Industrie, du Commerce, et des Mines, les Directeurs Généraux du BUMIGEB et du CBMP, le Directeur Général de l'Energie et des Mines, les différents Conseillers Techniques du Ministère, le Représentant du Projet Minier PNUD, et plusieurs opérateurs privés. La mission tient à remercier le gouvernement pour sa collaboration parfaite durant la mission.

1) La Préparation du Projet d'Assistance Technique au Secteur Minier

Comme convenu lors la dernière mission, le gouvernement a envoyé à la Banque une requête pour une avance pour la préparation du projet (PPF) le 20 octobre 1994. Par ailleurs, le gouvernement a déjà nommé (arrêté no. 94-163 du 17 novembre 1994) le groupe de travail et le coordonnateur local qui seront chargés de l'exécution du PPF. La Banque a pris du retard à répondre à cette requête à cause de la réorganisation de la région d'Afrique et de l'affectation du Burkina à une nouvelle Division responsable pour les projets d'industrie et d'énergie dans la sous région.

Le montant de la requête du PPF est de US\$ 600,000 pour entreprendre trois activités principales :

- 1) la préparation d'un document sur la politique et la stratégie minière;
- 2) la révision de la législation minière;
- 3) l'étude sur la commercialisation de l'or et le rôle du CBMP.

Les fonds du PPF seront utilisés pour payer les consultants locaux et internationaux chargés d'exécuter ces activités, les frais de fonctionnement du bureau de préparation du projet, et l'acquisition du matériel de bureau et, éventuellement, un véhicule. La contrepartie du gouvernement consiste en l'allocation des bureaux au projet et l'affectation du personnel d'appui. Au cas où les ressources du premier PPF ne pourront pas financer les trois activités, une seconde avance pourrait être octroyée et les activités se dérouler en parallèle ou successivement selon le cas. La durée du PPF continuera jusqu'à la mise en vigueur définitive du projet.

La Banque a l'intention d'envoyer une mission de pré-évaluation du projet en mars 1995 et l'évaluation définitive de ce projet aurait lieu au plus tard avant fin juin 1995. Ceci étant le cas, il est

essentiel que le Ministère et le coordonnateur du projet prennent les dispositions auprès l'Office National des Marchés Publics pour le recrutement rapide des consultants, la constitution de la commission de dépouillement et d'analyse des offres, et la mise en exécution des différentes activités dans le premier trimestre 1995. A cette fin, pendant la mission les termes de référence des études à mener sur le PPF ont été examinés et légèrement modifiés par rapport à leur forme initiale. Aussi, les lettres d'invitation, les renseignements supplémentaires aux consultants, et le modèle de contrat ont été préparés. Les qualifications des différents bureaux d'études ont été discutées et examinées en vue de l'établissement par le gouvernement des listes restreintes des consultants pour chaque activité.

Afin de gagner du temps, la mission suggère que le gouvernement mette la priorité et prenne contact avec les consultants prévus sur le volet: document sur la politique et stratégie minière avant fin décembre en vue de recevoir leurs propositions en mi-février. La lettre d'invitation stipule bien que le gouvernement a seulement sollicité le PPF; si le PPF n'est pas accordé par la Banque, l'appel d'offre pourra être annulé. Par le présent aide mémoire, la mission donne sa non-objection à la lettre d'invitation et documents connexes, les termes de référence, et la liste restreinte des consultants (voir en annexe) concernant le volet document sur la politique et stratégie minière.

Le lancement des appels d'offres pour les autres activités interviendra dans le premier trimestre 1995. Les tâches suivantes sont à prévoir :

TACHES ET ACTIVITES: JANVIER - MARS 1995

ACTIVITES/TACHES	RESPONSABLE	DATE
Contact avec les consultants pour le volet stratégie et politique	Coordonnateur/ Banque	fin décembre, 1994
Approbation par la Banque de la requête pour le PPF	Banque	janvier, 1995
Dépouillement des propositions des consultants pour le volet politique et stratégie	Coordonnateur/ Commission de dépouillement	fin février, 1995
Non-objection de la Banque aux négociations avec le consultant retenu	Banque	fin février, 1995
Négociations et signature du contrat	Coordonnateur/ Gouvernement	mars, 1995
Travaux sur le document de la politique et stratégie minière	Coordonnateur/ Consultants	mars-avril, 1995
Non-objection de la banque aux termes de référence, liste restreinte, etc. pour l'étude sur la commercialisation	Banque	janvier, 1995
Préparation et lancement des appels d'offre pour l'étude sur la commercialisation de l'or et le rôle du CBMP	Coordonnateur	fin janvier, 1995
Non-objection de la Banque aux négociations	Banque	début mars, 1995

Négociations avec le consultant, signature du contrat, et commencement de l'étude	Coordonnateur/ Consultants	avril, 1995
Lancement de l'appel d'offres, non-objections, négociations, etc. pour l'appui juridique à la révision de la loi minière	Coordonnateur/ Banque/ Gouvernement	février-mars, 1995

2) **Le Secteur Minier**

Les derniers 10 mois ont vu une véritable explosion au Burkina des demandes de titres miniers et l'intérêt manifesté au pays par les investisseurs miniers : grands, moyens, et petits, nationaux et internationaux. Un tel "boom" de l'investissement dans le secteur fait partie des traditions et du folklore du secteur et le Burkina pourrait bénéficier dans un proche avenir d'une importante exploitation aurifère. La mission marque quelques observations concernant le déroulement du secteur depuis sa dernière mission en juillet.

a) A l'avis de la mission, les révisions proposées au code des investissements miniers vont dans le bon sens : rectifier quelques lacunes et contraintes à l'investissement. Les nouveaux taux proposés à titre de l'impôt sur les bénéfices industriels et commerciaux (35%) et de l'impôt sur les revenus des valeurs mobilières (12.5%) applicables aux sociétés minières sont compétitives vis à vis des taux internationaux. La suppression de la TVA en ce qui concerne les acquisitions du matériel pendant la phase de recherche rendra plus efficaces et plus importants les montants attribués à la recherche par les sociétés minières. Aussi, la suppression de l'exonération de l'impôt sur les bénéfices industriels et commerciaux contribuera à augmenter les recettes fiscales dues à l'Etat en cas d'exploitation minière.

b) La gestion des titres miniers est la principale responsabilité des services de l'Etat chargés du secteur. Dans tout pays à vocation minière, les pouvoirs publics se trouvent sur les cornes d'un dilemme : comment encourager la recherche effective sur le terrain par toute personne ou société et, en même temps, éviter la spéculation et le trafic sur les titres miniers. Il n'y a pas de réponses simples à ce dilemme et le gouvernement Burkinabè devrait réagir avec prudence et bon sens. Toutefois, dans d'autres pays où le système d'attribution des titres miniers est transparent, rapide et efficace, l'accent est mis sur un contrôle à posteriori et non sur un contrôle à priori. Les différents mécanismes de contrôle à posteriori et la gestion des titres miniers seront examinés pendant le dialogue sur la politique et stratégie minière. Dans l'interim, la mission ne voit pas d'inconvénient à la restriction de superficie et les nombres de permis qui pourront être attribués à une seule société minière. Mais, l'évolution de la gestion des titres devrait aller dans le sens d'une liberté de superficie et de nombre de permis à attribuer à une société et vers un contrôle à posteriori rigoureux sur plusieurs azimuts. Les redevances superficielles pourront être augmentées (par exemple, à 5 000 FCFA le kilomètre carré la première année) et augmenter progressivement chaque année de validité du permis. Au lieu d'imposer une réduction de superficie seulement au renouvellement du permis (après 4 ans), exiger une réduction (25% par exemple) à partir de la troisième année et 50% au renouvellement. La commission nationale des mines devrait établir les normes applicables aux différentes phases de la recherche afin de mieux apprécier les engagements de travaux et dépenses prévues dans les demandes de permis.

Une estimation valable à cet égard pourrait être établie en divisant le montant total des engagements de dépenses par la superficie demandée pour arriver à une estimation des dépenses par kilomètre carré (environ US\$ 250 à \$500 le kilomètre carré, par exemple, dans la première phase de la recherche). Finalement, les services de l'Etat devraient être vigilants que les travaux promis sont effectivement exécutés sur le terrain. A cet égard, il serait souhaitable que le budget de fonctionnement des unités

d'inspecteurs soit augmenté afin de leur permettre un accès au moins une fois par an sur les périmètres octroyés. Le projet d'assistance technique au secteur minier vise à renforcer les capacités techniques et logistiques des services de l'Etat chargés d'une telle surveillance.



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Document Date [undated]	Document Type List			
Correspondents / Participants				
Subject / Title Annexe 1 : Liste Restreinte des Consultants pour le Document sur la Politique et Strategie Miniere				
Exception(s) Deliberative Information Information Provided by Member Countries or Third Parties in Confidence				
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A L L - I N - 1 N O T E

DATE: 30-Dec-1994 03:26am

TO: Craig Andrews

(CRAIG ANDREWS@A1@WBHQB)

FROM: Celestin Bado, AF4BU

(CELESTIN BADO AT A1 AT BURKNA)

EXT.: 30 62 37

SUBJECT: RE: Burkina Policy Dialogue

Craig,

Your argument is very strong. What you might suggest to the firm is that they indicate to the Gouvernement that they would like to be consulted for the legal component rather.

I will contact their local representative to inform him of the outcome of your queries, and our proposal.

Passe une bonne fete de fin d'annee et de nouvel an ...!!!...

Celestin.

CC: ALBERT OSEI

(ALBERT OSEI @A1@BURKNA)

CC: CELESTIN BADO

(CELESTIN BADO @A1@BURKNA)

I H / C H

IS

C Andrews

Would you
be able to
attend &
contribute in
your area.
mos
1/3

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: December 30, 1994 10:40pm

TO: See Distribution Below

FROM: Ngozi Okonjo-Iweala, AF4CO

(NGOZI OKONJO-IWEALA)

EXT.: 32888

SUBJECT: re Burkina PFP and attached

Dear colleagues, we are under pressure from the IMF to come up with our own parts of the draft PFP. Please refer to the attached message to the Burkina team from Whitney, We have been trying to get proposals and write-ups from team members for some time without much success. I know everyone is terribly busy but would greatly appreciate your assistance and attention to make sure we get these before people go off on mission . Many thanks and Happy New Year! Ngozi.

DISTRIBUTION:

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A L L - I N - 1 N O T E

DATE: 30-Dec-1994 10:56am EDT

TO: See Distribution Below

FROM: Whitney Foster, AF4CO (WHITNEY FOSTER)

EXT.: 34653

SUBJECT: Team Meeting: 2:30, Wednesday Jan. 4, 1995 / J8-044

Further my EM to you (19 Dec.) on this meeting, subsequent to its transmission, I learned:

- . AF4PH leaves on retreat @ 3:00, Jan. 4 through Friday, Jan. 6;
- . Jan. 4 is the one day Albert cannot be in the office;
- . AF4AE has its Divisional retreat on Jan. 10-11; and,
- . the IMF is tentatively scheduled to go to Ouaga (4th year PFP) on Saturday, Jan. 21.

To adjust to these realities, I would propose:

i. we hold the meeting as planned, but focus principally from each task manager s perspective on the critical new PFP issues/messages (language for the text) and measures (language for the matrix);

ii. despite our pleas since Dec. 1, Anne and I still don t have any specifics from you. I know why, but.....this is now very urgent. This assumes, among other things, that I can have Bruna s and Makha s drafts before COB on Jan. 3, and your departure Wednesday as we are meeting;

iii. please think through and make proposals not only on project-specific concerns, i.e. new primary ed. teacher or equipment targets, etc, but also on the cross-sectoral issues: gender (Bruna), environment (Christian, Jeff, Ibrahim until Adolfo can at least get to BF and see for himself), privatization / PE Reform (Cadman, Brigitta, Craig, Gerard, you've got the experience pending Grace and Les Nemethy getting involved) and decentralization (Jeff, Christian and Bruna). Poverty and capacity building are hopefully on everyone s agenda, and will be found appropriately in your draft texts.

Start from the text and matrix of the 3rd Year PFP (extra copies in my office), and ensure we acknowledge (quantify) accomplishments during 94 as well as analyzing deficiencies. Then analyze, prioritize, quantify what is being/ should be done from your respective perspectives in 95- 97, summarize by matrix actions. Easy to say, but the Burkinabe are working on their own draft for the first time since 90, and I am sure we will have one from the IMF around the time we meet.

The Energizer bunny keeps going, and going, and

Have a happy or I hope you had a happy

Whitney

P.S.: I am arranging another Conference Room for Friday, Jan. 6- with Albert, Colin, Francesco, Hosein, Hans on CPPR Phase I, and on Monday, Jan. 9 with our HR colleagues on Phase II.

DISTRIBUTION:

TO: Whitney Foster	(WHITNEY FOSTER)
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TO: CRAIG ANDREWS	(CRAIG ANDREWS @A1@WBHQB)
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**MINISTERE DE L'INDUSTRIE
DU COMMERCE ET DES MINES**

SECRETARIAT GENERAL

**DIRECTION GENERALE
DE L'ENERGIE ET DES MINES**

BURKINA FASO

La Patrie ou la Mort, Nous Vaincrons !

Ouagadougou, le 28 DEC. 1994

LE DIRECTEUR GENERAL

N° 41302 /MICM/SG/DGEM

A

**Monsieur Graig ANDREWS
Spécialiste Minier à la Division
de l'Industrie et des Mines
de la Banque Mondiale
OUAGADOUGOU**

**Objet : Visite petites mines
Hararé (ZIMBABWE).**

Monsieur ANDREWS,

Au cours de votre entretien avec le Ministre de l'Industrie, du Commerce et des Mines le jeudi 16 décembre 1994, il a manifesté le désir d'envoyer une mission au Zimbabwe pour s'enquérir de l'expérience de ce pays en matière de petites mines.

Dans ce cadre, le Ministre m'a demandé de vous prier de nous mettre en contact avec les personnes au Zimbabwe pouvant nous aider à effectuer une mission au courant du mois de janvier 1995 relative à l'objet sus-cité.

La mission sera composée de la Direction Générale de l'Energie et des Mines, du BUMIGEB et du CBMP.

Nous voudrions pouvoir visiter des petites mines et si possible avoir des films sur la petite mine.

Je compte sur vous pour aider à effectuer cette mission dans les meilleures conditions.

Dans l'attente d'une réponse favorable, je vous prie d'agréer, Monsieur ANDREWS, l'assurance de ma parfaite considération.

BURKINA MISSION

Received on **JAN 10 1995**

uted Washington

Field **KD**

File





Ouagadougou, le 27 DEC. 1994

*Le Ministre Délégué auprès
du Ministre de l'Economie des
Finances et du Plan
Chargé du Budget et du Plan*

N° 00556

N° /MEFP/SG/ONMP

Objet :

Services de Consultants pour la
préparation d'un document sur
la politique et stratégie minière

A

Monsieur le Directeur Général

BUGECO

Ave. de Terviren, 206

B-1150

Réf. :

Monsieur le Directeur,

1. Vous êtes, par la présente, invités à soumettre des offres techniques et financières de services de consultants qui pourront être sujettes à des négociations futures et donner lieu à un contrat entre votre société et le Ministère de l'Economie, des Finances, et du Plan "l'Administration".

2. Description sommaire des tâches à accomplir

Document sur la Politique et Stratégie Minière

- Organiser et exécuter un dialogue entre les parties intéressées sur les politiques et stratégies du secteur minier et les meilleures pratiques internationales en la matière.
- Préparer une déclaration claire et cohérente sur la politique minière du Gouvernement et les objectifs visés en matière de développement du secteur minier ainsi que les mesures incitatives pour attirer les investisseurs privés ;
- Préparer une stratégie minière en vue de réaliser cette politique minière, les objectifs; (plan d'actions à court terme, programme d'assistance technique au secteur) ;
- Sensibiliser et former (études, visites de pays à vocation minière) les principaux responsables du Gouvernement dans les meilleures pratiques internationales du secteur minier.

3. Pour vous aider à présenter votre proposition, vous trouverez ci-joint :

i) la description du mandat des consultants (termes de référence - TDR) ;

ii) des renseignements supplémentaires destinés aux consultants y compris le modèle de présentation de curriculum vitae ;

iii) un modèle de contrat qui régira les prestations des consultants ;

iv) la liste restreinte des consultants.

4. Le gouvernement du Burkina Faso a sollicité une avance de préparation du projet (PPF) de l'Association Internationale de Développement , IDA, en diverses monnaies pour contribuer au financement du Projet de l'assistance technique au secteur minier. Dans le cas où cette avance est accordée par l'IDA, le Gouvernement compte utiliser une partie de ladite avance pour effectuer des paiements autorisés au titre du contrat mentionné dans cette invitation.

5. Pour obtenir des renseignements directs sur les tâches à accomplir et sur les conditions de travail sur place, il est jugé souhaitable qu'un représentant de votre société se rende à Ouagadougou avant de soumettre votre proposition. Votre représentant devrait rencontrer le responsable suivant :

- Mr. François Ouindelassida OUEDRAOGO, coordonnateur du Projet de l'assistance technique au secteur minier, Ministère de l'Industrie, du Commerce et des Mines, BP 514 Ouagadougou Tél. et Fax : 226 31 24 18

Veillez vous assurer que ce responsable est informé de cette visite à l'avance pour lui permettre de prendre les dispositions appropriées.

6. La proposition doit être conforme au modèle décrit dans les "informations supplémentaires pour les services de consultants". L'évaluation des offres se fera uniquement sur la base des propositions techniques qui seront notées sur 100 points.

Pour être jugées recevables, les propositions techniques devront avoir reçu une note au moins égale à soixante (60) points. Seules les offres financières correspondantes seront ouvertes. Les autres offres financières seront retournées sans avoir été ouvertes. Les propositions techniques seront évaluées en fonction des critères suivants :

i) l'expérience générale du bureau d'études dans le domaine faisant l'objet de la consultation (10 points) ;

ii) l'adéquation entre le plan de travail et l'approche proposés et le mandat des consultants (45 points) ; et,

iii) les qualifications et la compétence du personnel dont les services font l'objet de la consultation (45 points).

Les curriculum vitae des membres de l'équipe proposée nominativement devront être dûment paraphés et signés par les personnes concernées. Ils devront être conformes au modèle du curriculum vitae ci-joint. Ces personnes seront évaluées en fonction des critères suivants :

- i) qualifications générales (diplôme, formation et expérience professionnelle (15 points) ;
- ii) compétences dans les tâches spécifiques à accomplir dans le cadre de la consultation (25 points) ;

Le prix inclura tous les coûts tels que les honoraires, les dépenses remboursables, les dépenses locales etc., constituant le coût global des prestations. L'absence de présentation de la ventilation détaillée selon le format annexé à cette lettre d'invitation pourrait conduire au rejet de la proposition. Aux fins d'évaluation, le prix sera le coût total des prestations, y compris les dépenses remboursables converties en monnaie locale. Le taux utilisé pour convertir la partie en devise en monnaie locale sera le cours vendeur publié par la Banque Centrale des Etats d'Afrique de l'Ouest (BCEAO) à la date de remise des propositions indiquée au paragraphe 17. La proposition retenue en vue de négocier le contrat sera celle ayant reçu la somme pondérée la plus élevée à l'évaluation technique. Le budget alloué à cette étude est de US \$ 200 000 et votre offre ne devrait pas excéder ce plafond. Toute offre financière supérieure à ce plafond sera rejetée.

8. L'Administration se réserve le droit de ne retenir aucune des sociétés ayant soumis des propositions. La qualité étant le seul critère de sélection, l'Administration n'est pas tenue de choisir la société dont le prix est de plus bas.

9. Il vous revient de spécifier le nombre d'hommes-mois de services et la durée qui seront nécessaires pour réaliser l'étude. Par ailleurs, vous êtes libres d'ajouter ou de substituer d'autres spécialités que vous estimez nécessaires pour la réalisation de l'étude sur la base du nombre d'hommes-mois que vous estimez nécessaire pour l'exécution des prestations.

10. Les offres resteront valables pour une durée de 90 jours à compter de la date limite de remise des offres. Pendant cette période, vous ne serez pas autorisés à modifier le personnel et le prix proposés dans votre offre. L'Administration fera tout son possible pour sélectionner une société avant la fin de cette période.

11. Veuillez noter que le coût de la préparation des offres de services et les coûts liés à la négociation d'un contrat, y compris les frais de déplacement pour se rendre au Burkina Faso, ne sont pas remboursables au titre de coût direct des prestations.

12. Dans la mesure où le contrat peut être conclu en mars 1995, il est attendu que vous commenciez les prestations en avril 1995.

13. Nous tenons à vous rappeler que toute société, minière, industrielle ou de construction avec laquelle vous pourriez être associé ne pourra détenir ou demander aucun titre minier, participer à aucun appel d'offres pour des fournitures ou des travaux résultant ou associés au projet dont les prestations de consultants font partie. Par ailleurs, nous vous rappelons que selon les règles de recrutement des consultants de la Banque Mondiale, les consultants éventuellement engagés pour la préparation d'un projet ne peuvent pas être engagés pour l'exécution du même projet, sauf dérogation écrite de la Banque.

14. Veuillez noter que si vous estimez que votre société n'a pas l'expertise requise pour assurer l'ensemble des prestations, il n'y a pas d'objection à ce que vous vous associiez avec une autre société pour vous permettre de présenter une proposition répondant à tous les besoins d'expertise. Cependant des groupements entre sociétés retenues sur la liste restreinte ne

sont pas autorisés sans un accord préalable de l'Administration. La demande pour un tel groupement devrait être accompagnée de toutes informations sur l'association proposée.

15. Selon les termes de référence, il est souhaitable que vous vous associiez avec une société locale; veuillez noter qu'une société locale ne peut être associée qu'avec une et une seulement des sociétés retenues sur la liste restreinte.

16. Une invitation à soumettre des offres de services a été envoyée aux 6 autres sociétés dont la liste est jointe en annexe 1.

17. Les offres doivent parvenir en 5 exemplaires les 17 février 1995 avant 10 heures locales à l'adresse suivante : Office National des Marchés Publics (ONMP)

01 BP 6444 Ouagadougou 01

Burkina Faso - Tél.: 30.86.80 - 30.67.21.

Fax : 31 20 25.

L'offre technique et l'offre financière seront remises dans des enveloppes séparées et cachetées portant la mention "offre technique" et "offre financière".

18. Vos services bénéficieront de certaines exemptions fiscales et douanières au Burkina Faso. Les informations sur la réglementation fiscale et douanière applicable peuvent être obtenues auprès du Coordonnateur du Projet.

19. Nous vous serions reconnaissants de nous faire parvenir par télex ou fac-similé

a) La date de réception de la présente lettre d'invitation ;

b) La confirmation de votre intention de participer à la consultation dans les dix jours qui suivront la réception de cette lettre d'invitation ;

c) Eventuellement, la date et le mode d'envoi des offres de services.

Veuillez agréer, messieurs, l'assurance de notre considération distinguée.



Célestin T. TIENDREBEOGO /-





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Correspondents / Participants 				
Subject / Title Annexe 1 : Liste Restreinte des Consultants pour le Document sur la Politique et Strategie Miniere				
Exception(s) Deliberative Information Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments 		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date 09/20/2022</td></tr></table>	Withdrawn by Shiri Alon	Date 09/20/2022
Withdrawn by Shiri Alon	Date 09/20/2022			

RENSEIGNEMENTS SUPPLEMENTAIRES A L'INTENTION DES CONSULTANTS

Offres de Services

1. Les offres de services seront évaluées conformément aux critères indiqués dans la lettre d'invitation et comprendront les renseignements suivants :

- a) Une courte présentation de la société et un résumé des dernières références sur des projets de même nature.
- b) Tous commentaires ou suggestions sur les termes de référence et la description de la façon dont les soumissionnaires prévoient réaliser le travail.
- c) La composition de l'équipe que la société propose de mettre en place par type de fonctions et durées d'intervention.
- d) Les curriculum vitae des membres de l'équipe et du responsable au siège chargé d'assurer la supervision de l'équipe. Le curriculum vitae sera établi selon le modèle donné en annexe A dûment paraphé et signé par la personne concernée.
- e) Un chronogramme des tâches et des experts selon le modèle de l'annexe B.
- f) Les commentaires éventuels des consultants sur les données, services et installations à fournir par l'Administration comme indiqué dans les TDR.

2. 5 exemplaires des offres de services seront fournis à l'adresse indiquée dans la lettre d'invitation.

3. Dans la préparation de leurs offres, les consultants devront porter une attention particulière à ce qui suit :

- a) Les membres de l'équipe devront avoir l'expérience nécessaire acquise à l'extérieur de leurs propres pays, de préférence dans des conditions similaires à celles prévalant au Burkina Faso. Une bonne connaissance du français est essentielle aux membres de l'équipe. Les rapports seront rédigés en français.
- b) Bien que les responsables de la société puissent prévoir un nombre limité de visites de contrôle et de supervision de l'équipe mise en place au Burkina, le nombre de missions de courte durée devra être limité au minimum.

4. Groupements de sociétés. Tout groupement de sociétés devra stipuler clairement les dispositions contractuelles entre ces sociétés en distinguant clairement les services rendus par chaque société du groupement. Tous les membres d'un groupement devront être conjointement et solidairement responsables de la bonne exécution du contrat.

Négociation du Contrat

5. Les informations ci-après sont fournies pour vous familiariser avec la manière dont l'Administration négocie un contrat avec un bureau de consultants. Les négociations durent généralement de 2 à 5 jours selon l'importance et la nature des prestations. L'objectif est de parvenir à un accord sur tous les points, le consultant et l'Administration paraphant un projet de contrat à l'issue des négociations.

6. Les négociations commenceront par une discussion de l'offre technique du soumissionnaire, du plan de travail, de l'équipe et toutes suggestions du consultant de nature à améliorer les termes de référence. Un accord sera conclu sur les termes de référence définitifs, l'équipe et le chronogramme d'intervention et le calendrier de remise des rapports. Une fois un accord conclu sur les points précédents, les négociations financières débiteront par la discussion sur le prix des hommes-mois.

7. Le prix des hommes-mois comprend le salaire, les charges sociales, les frais généraux, les marges bénéficiaires et toutes primes ou allocations d'expatriation. Des modèles de décomposition des prix de l'homme-mois au Burkina et au siège de la société sont joints en annexes C et D et doivent être remplis pour tous les membres de l'équipe. (Ni ces formules, ni aucune autre information financière ne doivent figurer dans la proposition technique).

8. Analyse des prix de l'homme-mois. L'Administration doit veiller à la bonne utilisation des fonds publics. C'est pourquoi l'Administration doit s'assurer que la proposition financière de la société est raisonnable et se réserve la possibilité pendant les négociations d'examiner les éléments justifiant le prix des hommes-mois et d'auditer en détail les éléments de la proposition financière. Les sociétés consultées doivent être prêtes à justifier ces éléments et doivent accepter le principe d'une négociation éventuelle sur le prix de l'homme-mois et des autres éléments de coûts. Les composantes du prix de l'homme-mois sont analysées ci-dessous.

9. Le salaire désigne le salaire brut qui serait versé à l'expert s'il était en poste au siège de la société. Il ne doit pas inclure de prime d'expatriation ou toute autre prime à l'exception de celles ayant un caractère obligatoire dans le pays du siège. Le salaire ne devra pas avoir été récemment augmenté d'un montant supérieur aux augmentations normales de salaires appliquées éventuellement par la société à l'ensemble de son personnel. Les justificatifs à fournir sont :

- (a) copie du dernier état audité des dépenses salariales des personnels proposés dans le contrat et,
- (b) la méthode de calcul du salaire de base journalier ou horaire des membres de l'équipe. Si le salaire de base utilisé dans le calcul n'est pas celui figurant dans les états des dépenses salariales de la société, des justifications complémentaires devront être fournies.

10. Primes. Les primes de résultat constituant normalement une participation aux bénéfices et pour éviter que l'Administration ne paie deux fois la même composante du prix, ces primes ne doivent pas être prises en compte dans le calcul de l'homme-mois. Cependant si le système de comptabilité de la société est organisé de telle façon que le pourcentage des charges sociales et des frais généraux est calculé sur la base de la rémunération globale (incluant des primes), alors les primes peuvent être incluses dans les salaires à la condition que la marge bénéficiaire soit diminuée en conséquence. Si le paiement d'un treizième mois s'impose à la

société, il n'est pas nécessaire de diminuer la marge bénéficiaire en conséquence. Toute discussion relative aux primes pendant les négociations doit s'appuyer sur des justificatifs.

11. Les charges sociales sont des charges supportées par la société pour des avantages sociaux recouvrant généralement les cotisation de retraite, l'assurance maladie, l'assurance vie et des congés maladie ou des congés payés.

A cet égard, le coût des jours fériés et des congés pris pendant la durée du contrat (si un remplacement n'est pas assuré) ne doit pas être pris en compte dans les charges sociales. Tout congé pris conformément aux règles de la société à la fin de l'affectation peut être considéré comme charge sociale. Les documents justificatifs des charges sociales à fournir pendant les négociations consistent en une liste détaillée des charges et avantages sociaux du personnel de la société (par exemple congés payés, congés maladie, jours fériés, assurance vie, assurance maladie, cotisation de retraite etc.). La liste doit synthétiser pour chaque élément le montant annuel exprimé en valeur absolue (c'est à dire, en durée ou en valeur) et en pourcentage du salaire annuel du membre de l'équipe.

12. Le mode de calcul du coût des congés exprimé en pourcentage du salaire de base devrait normalement être le suivant :

$$\text{Coût du congé en \% du salaire} = \frac{\text{Nombre de jours de congé}}{(365 - \text{week-ends} - \text{jours fériés} - \text{jours de congé annuel (vacances et maladie)/an})} \times 100$$

Il est important de noter que le congé ne peut être considéré comme une charge sociale que s'il n'est pas facturé à l'Administration.

13. Les frais généraux sont les coûts supportés par la firme qui ne sont pas directement liés à l'exécution du contrat et qui ne sont pas remboursés par ailleurs dans le cadre du contrat. Ce sont essentiellement les frais de siège (coût de personnel de direction et d'encadrement supervisant la mission, frais de secrétariat, coût du personnel non facturé directement sur des tâches rémunérées, coûts commerciaux). Les documents justificatifs des frais généraux à fournir pendant les négociations comprennent les états audités des frais généraux pour les trois dernières années et une liste détaillée des éléments et des montants constituant les frais généraux et de leurs pourcentages par rapport aux salaires de base. L'effectif du personnel utilisé pour calculer les moyennes comprend le personnel temporaire (c'est à dire des consultants extérieurs à la société).

14. La marge bénéficiaire de la société doit être calculée sur le total des salaires, des charges sociales et des frais généraux. La marge bénéficiaire devrait être diminuée au cas où des primes (de résultats) ont été prises en compte antérieurement. Aucune marge ne sera autorisée sur les voyages ou les dépenses remboursables sauf dans le cas où des achats d'équipements d'un montant important sont nécessaires. Les consultants doivent noter que selon les termes du contrat les paiements seront effectués mensuellement suivant l'échéancier prévisionnel décrit dans le contrat. Des factures séparées doivent être présentées pour des ajustements apportés aux paiements précédents.

15. Primes d'expatriation Certaines sociétés versent à leur personnel travaillant à l'étranger une indemnité ou prime d'expatriation, calculée en pourcentage du salaire et n'entraînant ni frais généraux ni bénéfice. Les primes d'expatriation induisent parfois quelques charges sociales obligatoires. Dans ce cas, le montant de ces charges devrait être présenté dans les charges sociales séparément de la prime d'expatriation. L'Administration suppose que cette indemnité éventuelle couvre les frais de scolarité dans le pays d'origine etc. Ces frais ainsi que

d'autres frais similaires ne seront pas considérés comme remboursables. Ces indemnités ne seront versées que pour des périodes d'au moins un mois. Les primes d'expatriation ne pourront pas s'appliquer à des durées de séjour inférieures à un mois. Une copie des directives de la société sur les primes d'expatriation applicable aux personnels affectés au Burkina devrait être disponible pour les négociations.

16. Indemnité de subsistance. Cette indemnité n'est pas incluse dans le prix de l'homme-mois; elle est versée séparément, en principe en monnaie locale et est la même que le consultant soit marié ou célibataire ; aucune indemnité de subsistance n'est versée pour les personnes à charge. Son montant est généralement basé sur les tarifs établis par le PNUD pour le pays en question.

17. Rémunération des membres de l'équipe. Le total de la prime d'expatriation et de l'indemnité de subsistance n'a pas pour but de couvrir la totalité des frais de subsistance des membres de l'équipe dans le pays d'affectation. Il incombe à la société d'informer lesdits membres de l'équipe que ce montant vient en complément du salaire de base et que les dépenses complémentaires seront à financer sur le propre salaire.

18. Contrats conclus avec les membres de l'équipe. Du fait que le prix de l'homme-mois est négociable et qu'on accorde une attention particulière à la prime d'expatriation et à l'indemnité de subsistance, il est recommandé à la société de ne pas conclure d'arrangements financiers fermes et définitifs avec les futurs membres de l'équipe avant les négociations.

19. L'Administration se réserve le droit de vérifier les détails des dépenses dans le cadre d'un audit global du contrat. En conséquence, si la société est retenue, elle devra tenir une comptabilité des temps passés et des dépenses pour justifier les coûts salariaux et les autres coûts du projet.

20. La société ayant été en partie choisie sur la base de l'évaluation du personnel proposé dans son offre, l'Administration compte pouvoir négocier le contrat sur la base nominative des experts figurant dans la proposition. Par conséquent, l'Administration exigera que des assurances soit données par la société quant à la disponibilité effective de ces experts. La date prévue pour la mobilisation des services de consultants étant indiquée dans la lettre d'invitation, l'Administration n'acceptera de substitutions survenant après la négociation du contrat que si le démarrage des travaux est retardé ou si un expert est indisponible pour raisons de santé. La société ne pourra pas remplacer un expert désigné sous prétexte qu'elle souhaite l'affecter à un autre projet.

21. Les consultants prendront note du fait que le contrat relatif à la présente étude sera conclu avec le Ministère de l'Economie des Finances et du Plan. Des paiements seront versés aux consultants, conformément à un calendrier prévisionnel préétabli, ce qui leur garantira des versements réguliers en devises et en monnaie nationale à leur compte, aussi longtemps que les prestations se dérouleront comme prévu et que les décomptes seront présentés avec justificatifs en temps voulu. La société et leur personnel seront exemptés ou remboursés des montants correspondants aux impôts, taxes, redevances ou autres charges fiscales au Burkina applicable aux:

- a) paiements des consultants et leur personnel en dehors des nationaux burkinabè et des résidents permanents au Burkina Faso impliqués dans la mise en oeuvre du contrat ;

- b) équipements, matériels et fournitures introduits au Burkina pour l'accomplissement de l'étude et qui en seront réexportés à l'issue du contrat ; et
- c) biens introduits au Burkina pour l'usage personnel des consultants ou celui des personnes à leur charge et qui en seront ensuite réexpédiés lorsqu'ils quitteront le pays.

22. Décomposition des prix convenus dans le contrat. La décomposition des prix convenus dans le contrat est utilisée d'abord pour calculer les coûts des membres de l'équipe appartenant à la (aux) société(s) de consultants identifiée(s) dans le contrat comme impliquée(s) directement dans le projet.

23. Les prix convenus et à prendre en compte dans le contrat pour les sous-traitants doivent être calculés de la manière suivante :

- Rémunération du sous traitant	xxxx
- Marge brute (par exemple 12%)	xxxx
- Prix convenu dans le contrat	xxxx

Les prix convenus dans le contrat pour les tâches sous-traitées ne devront pas comprendre les frais généraux, les charges sociales et la rémunération de la société chef de file.

24. La "décomposition des prix convenus dans les contrats des consultants" et toute la documentation justificative constituent les dispositions financières du contrat et en deviennent partie intégrante.

MODELE DE CURRICULUM VITAE PROPOSE POUR
LES MEMBRES DE L'EQUIPE DE CONSULTANTS

Nom _____
 Profession _____
 Date de recrutement _____
 Ancienneté dans
 le présent emploi _____ Nationalité _____
 Fonction proposée au sein de l'équipe _____

Principales qualifications :

(Indiquer en résumé la formation et l'expérience de l'expert permettant d'expliquer sa sélection pour la fonction proposée au sein de l'équipe. Décrire le degré de responsabilité du consultant dans des projets similaires, avec indication des dates et lieux. Ne pas dépasser une demi-page)

Education :

(Indiquer brièvement les noms des établissements universitaires et autres institutions d'enseignement spécialisé fréquentés par l'expert, les dates et diplômes obtenus. Ne pas dépasser un quart de page)

Expérience :

(Indiquer tous les postes occupés par le consultant depuis la fin de ses études, avec indication des dates, noms des employeurs, titre des postes occupés et lieux d'affectation. En ce qui concerne l'expérience acquise au cours des dix dernières années, indiquer également les types d'activités et le cas échéant joindre des références fournies par les clients. Ne pas dépasser trois quarts de page)

Langues :

(Indiquer l'aptitude à parler, lire et écrire chaque langue par la mention : "excellente", "bonne", "passable" ou "médiocre")

Signature du membre de l'équipe

Date _____

PROGRAMME DE TRAVAIL ET CHRONOGRAMME D'INTERVENTION DU PERSONNEL CLE

[illegible]

Sur le terrain à plein temps
Au siège à plein temps
Date de remise de rapport
Durée des activités

R

A temps partiel
A temps partiel

二 二 二 二 二 二 二 二 二
金 金 金 金 金 金 金 金 金

Date : _____

Pays : _____

DECOMPOSITION DES PRIX DE L'HOMME-MOIS CONVENUS DANS LE CONTRAT DES CONSULTANTS
Prestations rendues au Bénin

(Exprimés en [monnaie utilisée])

[illegible]

1

Date : _____

Pays : _____

Pays : _____

100

(Exprimés en [monnaie utilisée])[illegible]

TERMES DE REFERENCE POUR LA PREPARATION D'UN DOCUMENT SUR LA POLITIQUE ET STRATEGIE MINIERE

Le gouvernement a publié en 1979 un document sur la politique et la stratégie minière du Burkina. Etant donné l'intérêt manifesté par les sociétés privées, de nombreux échanges de vues entre le gouvernement et la Banque ont abouti à la nécessité de réviser cette politique et de reformuler la stratégie.

Objectifs

- A) Organiser et exécuter un dialogue parmi les responsables du gouvernement, le secteur privé, les bailleurs de fonds, et les tiers intéressés sur les politiques et stratégies du secteur minier et, en particulier, les meilleures pratiques internationales en la matière.
- B) Préparer une déclaration claire et cohérente sur la politique minière du Gouvernement et les objectifs visés en matière de développement du secteur ainsi que les mesures incitatives pour mieux attirer les investisseurs privés.
- C) Préparer une stratégie cohérente en vue de réaliser cette politique minière et ses objectifs; Préparer un plan d'actions à court et long terme pour atteindre les objectifs définis ; programmer une assistance technique au secteur ;
- D) Sensibiliser et former les principaux responsables du Gouvernement dans les meilleures pratiques internationales du secteur minier à travers une série d'études et d'ateliers ainsi que des visites à l'extérieur du Burkina dans les pays à vocation minière.

Tâches

Le dialogue mettra l'accent sur :

- une description et explication du secteur et les milieux d'investissement miniers internationaux : petites et grandes sociétés, marchés internationaux, évaluation économique et financière des projets et gisements ;
- la position compétitive des opérations minières existantes ou potentielles du Burkina vis-à-vis des concurrents sur les plans internationaux, sous-régionaux, et locaux ;
- les rôles de l'Etat et du secteur privé, y compris une étude approfondie sur la participation de l'Etat au capital des entreprises minières, la privatisation des entreprises de l'Etat, et les possibilités de mobiliser les fonds d'investissement aux bourses locales et étrangères ;
- les droits miniers : politiques, instruments, implications pour les institutions de surveillance;
- la structure, l'organisation, et le rôle des institutions étatiques à promouvoir, régler, et superviser le développement du secteur ; les réformes institutionnelles à entreprendre ; les relations avec les institutions aux niveaux nationaux et provinciaux ; il est à signaler que le Gouvernement est en train d'entreprendre certaines réformes dans l'organisation et les fonctions du Bumigeb ;
- la gestion des titres miniers, obligations et engagements de l'Etat et des titulaires, l'accès et la détention des titres miniers et des installations minières par les sociétés locales ou étrangères ;
- les formes et l'organisation de la législation minière et les limites aux pouvoirs discrétionnaires du Gouvernement ;

- les effets connexes aux activités minières sur d'autres secteurs économiques, y compris l'emploi, les revenus d'exportation et fiscales ;
- la compétitivité sur le plan international du régime fiscal burkinabè ;
- protection de l'environnement et des impacts de l'industrie minière sur l'environnement ;
- l'usage rationnel des ressources du sous-sol, l'importance de l'infrastructure, maximalisation de la valeur des ressources ;
- les coûts opératoires et leur importance sur la compétitivité de l'industrie : coût d'énergie, force ouvrière, intrants à la production ; problèmes d'organisation et gestion des entreprises dans le contexte local ; facteurs locaux tendant à augmenter les coûts de production ;
- analyse et évaluation des textes connexes à l'industrie : code commercial, code du travail, etc...
- l'orpaillage, petites mines, exploitations traditionnelles ; cadre juridique et fiscal portant sur ces opérations ; expérience dans d'autres pays ;
- la conformité du régime fiscal Burkinabè avec les standards et pratiques internationales ;
- les taxes et charges fiscales frappant le secteur minier, en particulier les redevances ad valorem sur la production et son mode de calcul (valeur brute, valeur raffinerie nette, etc.), les redevances superficielles, les droits d'octroi, et autres charges fiscales spécifiques au secteur minier ; la comparaison avec d'autres pays et la pratique internationale ;
- le plan comptable actuellement en vigueur et déterminer sa compatibilité avec la pratique internationale dans l'industrie minière ; analyser les spécificités du secteur telles que la provision pour reconstitution du gisement, l'amortissement, l'enregistrement des ventes et d'inventaires, les frais déductibles, la capitalisation des dépenses, etc.
- les charges et les taxes diverses frappant les intrants et sortants de la production, tels que les droits de douane, les charges à l'exploitation, les droits de sortie, les taxes à l'enregistrement, et autres ;
- les taux, l'assiette, et méthodes d'imposition du régime fiscal général et les comparer avec la pratique internationale ; les taux marginaux effectifs d'imposition seront calculés et comparés à d'autres pays ; toutes les taxes seront prises en compte, tels que le BIC, les taxes sur les dividendes, les droits d'enregistrement et de timbre, les taxes pour les services rendus, et autres ; et les méthodes de calcul de l'assiette ;
- les effets du régime fiscal sur les taux de rentabilité dans le secteur minier, déterminer si les exonérations et d'autres mesures fiscales sur l'exploitation rationnelle des gisements (l'écrouillage) et le transfert net des revenus fiscaux du Burkina au pays d'origine de l'investisseur ;
- les structures et capacités des services de l'Etat chargés d'appliquer le régime fiscal ;
- les besoins en formation et soutien logistique/matériel/informatique, afin de renforcer la capacité de remplir les fonctions ;
- les réformes fiscales à entreprendre et estimer les ressources (humaines, financières) pour accomplir les réformes.

Organisation et durée

Le groupe de travail organisera le dialogue et préparera la Déclaration de la Politique Minière et Stratégie Minière à mettre en oeuvre pour le secteur, ainsi que du plan d'action pour les activités futures. Après approbation par les autorités compétentes (Conseil de Ministres), cette déclaration sera publiée.

Durée

Dans ses délibérations, le groupe sera assisté par des consultants internationaux et locaux. Les consultants aideront le groupe à :

- préparer les études et documents de base sur certains aspects tels que la fiscalité minière, l'organisation des institutions, la participation de l'Etat dans le capital des sociétés minières, les facteurs opératoires dans l'industrie minière ;
- organiser les ateliers, les séminaires et les discussions sur les différents aspects (cadre juridique, coûts opératoires, fiscalité, rôle de l'Etat, compétitivité, institutions) ;
- la formation et sensibilisation des responsables dans les meilleures pratiques internationales; la formation se fera au Burkina et, éventuellement, à l'étranger ;
- la préparation de la déclaration de politique minière, d'une Stratégie et plan d'action pour le secteur.

La réflexion peut toucher les autres activités prévues dans le cadre du PPF. Il sera donc nécessaire d'assurer une coordination étroite entre toutes ces activités, en particulier les consultants concernés par la révision de la législation minière doivent être impliqués dans la réflexion.

Personnel

Les principales spécialités requises sont :

- 1) Chef d'équipe ; spécialiste en politique et stratégie minière ; organisation et gestion des institutions ;
- 2) Economiste minier ; évaluation des projets ; analyste financier ;
- 3) Spécialiste en régulation minière ; gestion des titres miniers ;
- 4) Spécialistes en fiscalité et comptabilité minière ;
- 5) Spécialiste en exploitations artisanales et de l'environnement.

Résultats

- a) Un dialogue.
- b) Une Déclaration de la Politique Minière
- c) Une Stratégie et un Plan d'Actions

DOCUMENT PROVISOIRE
TRADUCTION PROVISOIRE

CONTRAT DE CONSULTANTS POUR DES PRESTATIONS DE
SERVICES

[Modèle]

Le présent CONTRAT (tel que ci-après, comprenant toutes les Annexes qui y sont jointes et qui en font partie intégrante, et intitulé le "Contrat") est passé le ____ du mois de ____ 19____, entre d'une part, _____ (ci-après appelé le "Client") et, d'autre part, _____ (ci-après appelé les "Consultants").

Note : Si les Consultants consistent de plusieurs entités, ce qui précède devra être modifié en partie comme suit :

...(ci-après appelé le "Client") et, d'autre part, un groupement constitué des sociétés suivantes, dont chacune d'entre elles sera conjointement et solidairement responsable à l'égard du Client pour l'exécution de toutes les obligations contractuelles, à savoir _____ et _____ (ci-après appelés les "Consultants"))

ATTENDU QUE

(A) le Client a l'intention d'exécuter un projet de [construction, réorganisation d'une exploitation, etc.] tel que défini ci-après (ci-après intitulé le "Projet");

(B) le Client a demandé aux Consultants de fournir certaines prestations de services requises par le Projet, telles que définies ci-après (ci-après intitulées les "Prestations");

[Note: S'il n'existe pas de Projet (voir Clause 1.1 (j)), la Clause A ci-dessus et la référence faite au "Projet" dans les Clauses (B) ci-dessus et (D) ci-après devront être supprimées.]

(C) les Consultants, ayant démontré au Client qu'ils ont l'expertise professionnelle, le personnel et les ressources techniques requises, ont convenu

d'exécuter les Prestations conformément aux termes et conditions arrêtés au présent Contrat;

(D) le Client a reçu [ou : a sollicité un prêt de la Banque internationale pour la Reconstruction et le Développement (appelée ci-après la "Banque") [ou : un crédit de l'Association internationale de Développement (appelée ci-après "l'Association")]] en vue de financer le coût du Projet et des Prestations et se propose d'utiliser une partie de ce prêt [ou: de ce crédit] pour régler les paiements autorisés dans le cadre du présent Contrat; il est entendu (i) que les paiements effectués par la Banque [ou: par l'Association] ne seront effectués qu'à la demande du Client et sur approbation de la Banque [ou: l'Association], que ces paiements seront soumis à tous égards aux dispositions et conditions de cet accord de prêt [ou: de ce crédit], et (iii) qu'aucune partie autre que le Client ne peut se prévaloir des dispositions de l'accord prévoyant le prêt [ou: le crédit] ni prétendre détenir une créance sur les fonds provenant du prêt [ou: du crédit].

EN CONSEQUENCE, les Parties sont convenues de ce qui suit:

1. DISPOSITIONS GENERALES

1.1 Définitions

A moins qu'il en soit autrement requis par le contexte, les termes ci-après ont la signification suivante:

(a) "Droit applicable", les lois et autres textes ayant force de loi dans le pays du Gouvernement, au fur et à mesure de leur publication et de leur mise en vigueur;

[(b) "Banque," la Banque internationale pour la Reconstruction et le Développement, Washington, D.C., Etats-Unis;

ou

(b) "Association," l'Association Internationale pour le Développement, Washington, D.C., Etats-Unis;]

[Note: Choisir l'un ou l'autre, conformément à la Clause (D) Attendu que ci-après.]

(c) "Contrat," le présent Contrat passé entre le Client et le Consultant;

(d) "Date d'entrée en vigueur," la date à laquelle le présent Contrat entrera en vigueur, conformément à la Clause 2.1 ci-après;

(e) "Devise," toute autre monnaie que celle du Gouvernement;

(f) "Gouvernement," le Gouvernement du pays du Client;

(g) "monnaie locale," la monnaie du Gouvernement;

[(g') "Membre du groupement," une des personnes morales suivantes et _____ et "Membres du groupement" toutes ces personnes morales;]

[Note: Si les Consultants sont constitués par plusieurs personnes morales, donner la liste de celles dont l'ensemble constitue les Consultants; sinon, annuler la présente définition.]

(h) "Personnel," les personnes engagées par les Consultants ou par un de leurs Sous-traitants en tant qu'employés, et assignés à l'exécution de tout ou partie des Services; "personnel étranger," les personnes qui, à la date de leur recrutement, n'étaient pas domiciliées dans le pays du Gouvernement; et "personnel local," les personnes qui, à la date de leur recrutement, étaient domiciliées dans le pays du Gouvernement;

(i) "Partie," le Client ou les Consultants, selon le cas;

(j) "Projet," _____ *[donner une rapide description du projet (génie civil, développement des capacités de gestion, etc.) pour lequel les Consultants doivent fournir des Prestations (conception et contrôle, ou assistance à la gestion, etc.); s'il est nécessaire ou souhaitable de fournir une description plus détaillée, celle-ci peut être renvoyée à une annexe, à laquelle la définition fera alors référence; s'il n'existe pas de projet au sens présent (comme dans le cas de nombreuses études), cette définition sera supprimée];*

(k) "Prestations," les prestations que doivent effectuer les Consultants conformément au présent Contrat aux fins du Projet, comme indiqué à l'Annexe A ci-après;

(l) "Date de commencement," la date à laquelle les Consultants commenceront à exécuter les Services, conformément à la Clause 2.3 ci-après;

- (m) "Sous-traitant," toute personne physique ou morale à laquelle les Consultants sous-traitent une partie des Prestations aux termes des dispositions de la Clause 3.8 ci-après;
- (n) "Tiers," toute personne physique ou morale autre que le Gouvernement, le Client, le Consultant ou un Sous-traitant.

1.2 Relations entre les Parties

Aucune disposition figurant au présent Contrat ne peut être interprétée comme créant une relation de commettant à préposé, ou établissant un lien de subordination d'employé à employeur entre le Client et les Consultants. Dans le cadre du présent Contrat, le Personnel exécutant les Services dépend totalement des Consultants qui sont entièrement responsables des Services exécutés par ces derniers ou de leur part.

1.3 Droit applicable au Contrat

La présente Convention, qu'il s'agisse de sa signification ou de son interprétation, et les relations s'établissant entre les Parties seront soumises au Droit Applicable. *[Note: les contrats financés par la Banque indiquent généralement que le droit applicable au contrat sera celui du pays du Client. Cependant, si les Parties souhaitent introduire un droit différent, la Banque n'y fera pas d'objection.]*

1.4 Langue

Le présent Contrat a été rédigé en ____ [indiquer soit l'Anglais, soit le Français, soit l'Espagnol], qui sera la langue faisant foi pour toutes questions relatives à la signification ou à l'interprétation du présent Contrat.

1.5 Titres

Les titres ne limiteront, ne modifieront ou n'affecteront pas la signification du présent Contrat.

1.6 Notifications

- 1.6.1 Toute notification, demande ou accord qui peut ou doit être effectué ou donné conformément au présent Contrat devra l'être sous forme écrite. Une telle notification, demande ou un tel accord sera considéré comme ayant été effectué ou donné lorsqu'il aura été transmis en personne à un représentant autorisé de la Partie à laquelle cette communication est adressée ou lorsqu'il aura été envoyé par lettre recommandée, télex, télégramme ou fac-similé à cette Partie à l'adresse suivante:

Client: _____

à l'attention de: _____

adresse télégraphique: _____
télèx: _____
fac-similé _____

Consultant: _____

à l'attention de: _____

adresse télégraphique: _____
télèx: _____
fac-similé _____

- 1.6.2** La notification sera considérée comme étant effectuée:
- (a) dans le cas d'une remise en personne ou par lettre recommandée, à la remise;
 - (b) dans le cas de téléx, _____ () heures suivant la confirmation de leur envoi;
 - (c) dans le cas de télégrammes, _____ () heures suivant la confirmation de leur envoi.
 - (d) dans le cas de fac-similés, _____ () heures suivant le confirmation de leur envoi

- 1.6.3** Une Partie peut modifier l'adresse où lui seront effectuées les notifications par notification conformément aux dispositions de la présente Clause.

1.7 Lieux

Les Services seront rendus sur les lieux indiqués dans l'Annexe A et, lorsque la localisation d'une tâche particulière n'est pas précisée, en de tels lieux que le Client approuvera, dans son pays ou à l'étranger.

1.8 Autorité du Membre du groupement responsable

Les Membres du groupement autorisent par la présente _____ [indiquer le nom d'une des personnes morales dont l'ensemble constitue les Consultants] à exercer de leur part tous les droits, et remplir toutes les obligations des Consultants envers le Client au titre du présent Contrat, et notamment recevoir les instructions et percevoir les paiements effectués par le Client. [Note: Cette clause ne doit être utilisée que si les Consultants sont constitués par plusieurs personnes morales. La personne morale indiquée ici sera normalement celle dont l'adresse est indiquée à la Clause 1.6.1]

~~1.9 Représentants autorisés~~

Toute action qui peut ou qui doit être effectuée, et tout document qui peut ou qui doit être établi au titre du présent Contrat sera effectué ou établi:

- (i) de la part du Client par _____

[Note: Indiquer ici le représentant officiel du Client si la réglementation en vigueur autorise un tel mandat; dans le cas contraire, le paragraphe (i) devra être supprimé]

ou son représentant autorisé;

- (ii) de la part des Consultants par _____

[Note: Indiquer ici le représentant officiel des Consultants, si les Consultants sont constitués en groupement, il devra être un représentant officiel du Membre du groupement indiqué dans la Clause 1.8 ci-dessus]

ou son représentant autorisé.

1.10 Impôts et taxes

- [Option A: Paiement par les Consultants d'impôts spécifiquement indiqués]
Les Consultants et le Personnel paieront les impôts, droits, taxes et autres charges suivantes imposées en vertu du Droit applicable: _____. *[Note: indiquer clairement les impôts etc..., à payer ainsi que le texte les régissant (par exemple "Impôts sur le revenu des Sociétés régi par les dispositions du Code Fiscal en date du 19__").]*

- [Option B: Exemption ou Remboursement]

Le Client garantit que les Consultants et le Personnel seront exempts (ou que le Client versera de la part des Consultants et du Personnel) de tous impôts, droits, taxes et autres charges imposés, en vertu du Droit applicable, sur les Consultants et le Personnel au titre de:

- (a) tout paiement effectué aux Consultants et à leur Personnel ainsi qu'aux Sous-traitants et à leur Personnel, autres que les ressortissants ou résidents permanents du pays du Gouvernement, au titre de l'exécution des Prestations;
- (b) tout équipement et fourniture introduits dans le pays du Gouvernement par les Consultants ou leurs Sous-traitants dans le cadre de l'exécution des Prestations et qui, après avoir été introduits dans le pays, en seront réexportés par les Consultants;
- (c) tout équipement importé dans le cadre de l'exécution des Prestations, payé sur des fonds fournis par le Client et qui est considéré comme étant la propriété du Client;
- (d) tout bien introduit dans le pays du Gouvernement par les Consultants et leur Personnel (à l'exception des ressortissants ou résidents permanents du pays du Gouvernement) et leurs familles ou par les Sous-traitants et leur Personnel et leurs familles pour leur usage personnel, et qui en seront ensuite réexpédiés lorsqu'ils quitteront le pays du Gouvernement, à la condition que:
 - 1) Les Consultants et leur Personnel et leurs familles, des Sous-traitants, leur Personnel et leurs familles respecteront les procédures douanières habituelles telles que définies par le Gouvernement pour l'importation des biens dans le pays du Gouvernement.
 - (2) Si les Consultants et leur Personnel et leurs familles ou les Sous-traitants et leur Personnel et leurs familles ne réexportent pas ces biens exemptés de droits et taxes mais en disposent dans le pays du Gouvernement, les Consultants, leur Personnel, et les

Sous-traitants et leur Personnel, selon les cas, (i) supporteront ces droits et taxes conformément à la réglementation du Gouvernement, ou (ii) les rembourseront au Client si ce dernier les avait payés au moment de l'introduction de ces biens dans le pays du Gouvernement.

[Note

1. *Bien que la Banque ne rembourse pas le paiement correspondant aux droits et impôts levés par le pays emprunteur (se référer à la Section/5.08 des Conditions Générales applicables aux Accords de Prêt et de Garantie), elle laisse au Client le choix de décider si les consultants (i) seront assujettis au paiement d'impôts et droits spécifiques qui ne seront pas remboursés par le Client, (ii) seront exemptés de ce paiement, ou bien (iii) seront remboursés par le Client au titre du paiement de ces impôts et droits. Dans le premier cas, c'est l'option A de la Clause 1.10 qui doit être utilisée, dans les autres cas, c'est l'Option B de cette même Clause.*
2. *Les Consultants doivent connaître l'Option que le Client souhaite appliquer avant d'avoir à soumettre leur proposition financière. Si l'Option A est retenue, ils devront recevoir les informations leur permettant de calculer approximativement l'étendue de leurs obligations fiscales.*
3. *Si l'Option A est retenue, le Client devra compléter ou réécrire la clause 5.1 conformément aux dispositions du Droit applicable. Ce faisant, le Client peut souhaiter établir une distinction entre les droits et impôts à la charge des Consultants et inclus dans le montant du Contrat, (par exemple, au titre de l'imposition sur le revenu) et les autres droits et impôts (par exemple, les droits de douane) qui feront l'objet d'une exemption ou d'un remboursement. Les Clients qui préfèrent cette approche peuvent (i) utiliser l'Option A après y avoir inclus toutes les références nécessaires, et (ii) ajouter l'Option B après en avoir retranché l'alinéa (a).]"*

2. COMMENCEMENT, EXECUTION, AMENDEMENT ET RESILIATION DU CONTRAT

2.1 Entrée en vigueur du Contrat

Le présent Contrat entrera en vigueur à la date ("Date d'entrée en vigueur") sur notification faite par le Client aux Consultants que les conditions suivantes ont bien été remplies:

- (a) Le présent contrat a été approuvé par la Banque [ou:l'Association]
- (b)
- (c) *[Note: on peut indiquer d'autres conditions de mise en vigueur - [par exemple] l'approbation du contrat par le Gouvernement ou par un Ministère donné par exemple, l'approbation donnée par le Client à des propositions de nomination du personnel clef effectuées par les Consultants. La mise en vigueur du Prêt Banque/Crédit IDA, le versement aux Consultants de l'avance et la constitution de la garantie de remboursement d'avance en faveur du Client (voir Clause 6.6(a), etc.).]*

2.2 Résiliation du Contrat par défaut d'entrée en vigueur

Si le présent Contrat n'est pas entré en vigueur dans les ____ mois suivant la date mentionnée ci-après, chacune des Parties peut, sous réserve d'une notification écrite dans un délai minimum de quatre (4) semaines à l'autre Partie, déclarer le présent Contrat nul et non avenu, auquel cas aucune Partie ne pourra élever de réclamation au titre de ce Contrat envers l'autre partie.

2.3 Commencement des Prestations

Les Consultants commenceront l'exécution des Prestations dans les ("Date de commencement") _____ (_____) *[Note: Indiquer ici par exemple dans les trente (30)]* jours après la Date de mise en vigueur ou à toute date ultérieure sur laquelle les Parties s'entendront et qu'elles fixeront par écrit.

2.4 Achèvement du Contrat

A moins qu'il n'ait été résilié auparavant conformément aux dispositions de la Clause 2.9, le présent Contrat prendra fin lorsque, conformément à ses dispositions, les Prestations auront été exécutées et le règlement de la rémunération et des dépenses remboursables aux Consultants auront été effectuées. *[Note: Dans les Contrats non liés à l'exécution de travaux - par exemple des contrats de gestion - une date d'achèvement peut être pré-définie, par exemple: ...prendra fin ____ années après la date de mise en vigueur à moins qu'il ne soit prorogé selon les mêmes termes et conditions par accord entre les Parties pour une période additionnelle sur laquelle les Parties se mettront d'accord.]*

2.5 Convention formant un tout

La présente Convention renferme toutes les dispositions et stipulations qui ont fait l'objet d'un accord entre les Parties. Aucun agent ou représentant des Parties ne détient d'autorité pour faire de déclaration, remplir de mandat, donner d'engagement ou d'accord qui ne soit défini dans le présent Contrat, et les Parties ne seront pas liées par de telles déclarations, mandat, engagement ou accord et ne sauraient en être tenues pour responsables.

2.6 Amendement

Aucun amendement aux termes et conditions du présent Contrat, y compris les modifications portées à l'étendue des Prestations, ne pourra être effectué sans accord écrit entre les Parties et ne pourra entrer en vigueur sans l'approbation de la Banque [ou: de l'Association]. Cependant, conformément à la Clause 7.2 ci-après, chaque Partie devra accorder toute la considération nécessaire aux amendements proposés par l'autre Partie.

2.7 Force Majeure

2.7.1 - Définition

- (a) Aux fins du présent Contrat, "Force majeure" signifie tout événement qui est au-delà du contrôle raisonnable d'une Partie et qui rend impossible l'exécution par une Partie de ses obligations qui la rend si difficile qu'elle peut être raisonnablement considérée comme impossible dans de telles circonstances; les cas de force majeure comprennent sans toutefois s'y limiter, les cas suivants: guerres, émeutes, tremblements de terre, tempêtes, incendies, explosions, inondations et autres bouleversements climatiques, grèves, lock-outs ou autres actions revendicatrices (à l'exception des cas où de telles grèves, lock-outs ou autres actions revendicatrices relèvent du pouvoir de la Partie invoquant la Force Majeure), confiscations ou Fait du Prince.
- (b) Les événements ne constituent pas des cas de force majeure : (i) Les événements résultant d'une négligence ou d'une action délibérée d'une des Parties ou d'un de ses Sous-traitants, agents ou employés, ni (ii) les événements qu'une Partie agissant avec diligence aurait été susceptible de (A) prendre en considération au moment de la conclusion du Contrat et également (B) d'éviter ou de surmonter au cours de l'exécution de ses obligations contractuelles.
- (c) Une insuffisance de fonds ou un défaut de paiement ne constituent pas un cas de force majeure.

2.7.2 - Non-rupture de Contrat

Le manquement d'une des Parties à remplir ses obligations contractuelles ne sera pas considéré comme une rupture de Contrat ou comme un manquement à ses obligations contractuelles dans la mesure où une telle incapacité résulte d'un cas de Force majeure, à la condition que la Partie placée dans un tel cas ait pris toute précaution raisonnable, soin et mesures de remplacement raisonnables, dans l'intention de remplir les termes et conditions du présent Contrat.

2.7.3 - Dispositions à prendre en cas de Force majeure

- (a) Une Partie placée dans un cas de Force majeure doit prendre dans un délai minimum toute disposition raisonnable destinée à pallier sa propre incapacité de remplir ses obligations contractuelles.
- (b) Une Partie placée dans un cas de Force majeure doit notifier à l'autre Partie un tel cas de Force majeure dans les plus brefs délais, qui ne saurait en aucun cas dépasser quatorze (14) jours suivant l'apparition de l'événement et apporter la preuve de la nature et de la cause de l'événement, et doit de la même façon, dans les plus brefs délais un retour à des conditions normales.
- (c) Les Parties prendront toutes dispositions raisonnables pour réduire les conséquences des cas de Force majeure.

2.7.4 - Prolongation des délais

Tout délai accordé à une Partie pour l'exécution de ses obligations contractuelles sera prorogée d'une durée égale à la période pendant laquelle cette Partie a été mise dans l'incapacité d'exécuter ses obligations par suite d'un cas de Force majeure.

2.7.5 - Paiements

Pendant la période où ils sont dans l'incapacité d'exécuter les Prestations à la suite d'un cas de Force majeure, les Consultants ont droit à continuer d'être rémunérés conformément aux termes du présent Contrat ainsi qu'à être remboursés dans une limite raisonnable des frais supplémentaires qu'ils ont à charge pendant cette période aux fins de l'exécution des Prestations et de leur reprise à la fin de cette période.

2.7.6 - Consultation

Les Parties devront se réunir pour s'entendre sur les mesures appropriées aux circonstances, et ceci dans un délai qui ne dépassera pas trente (30) jours après la date où, à la suite d'un cas de Force majeure, les Consultants se sont trouvés dans l'incapacité de remplir une partie substantielle des Prestations.

2.8 Suspension des paiements

Le Client peut, par notification écrite de suspension des paiements aux Consultants, suspendre tous les paiements aux Consultants si ces derniers ont failli à l'exécution de leurs obligations contractuelles, y compris l'exécution des Prestations, à condition que la notification de suspension (i) indique la nature de ce manquement, et (ii) requière des Consultants qu'ils remédient à ce manquement dans un délai qui ne saurait dépasser trente (30) jours après la date de réception par les Consultants de la notification de suspension.

2.9 Résiliation

2.9.1 - Par le Client

Le Client peut, par notification écrite de résiliation aux Consultants dans un délai qui ne saurait être inférieur à trente (30) jours (à l'exception des cas indiqués au paragraphe (f) ci-dessous, par lesquels le délai ne saurait être inférieur à 60 jours) résilier le Contrat, cette notification devant être donnée à la suite d'un des événements indiqués aux paragraphes (a) à (f) qui suivent:

- (a) si les Consultants ne corrigent pas un manquement à l'exécution de leurs obligations contractuelles, comme indiqué dans la notification de résiliation du Contrat effectuée conformément aux dispositions de la Clause 2.8 ci-dessus, dans les trente (30) jours suivant la réception de cette notification ou dans les délais que le Client pourrait avoir acceptés ensuite par écrit;
- (b) Si les Consultants

[Note: Si les Consultants sont constitués par plus d'une personne morale, ajouter: ou l'un de leurs Membres du groupement]

deviennent insolvable ou font banqueroute ou entrent en règlement judiciaire pour la liquidation de leurs dettes ou bénéficient de dispositions en faveur des débiteurs ou entrent en liquidation ou en syndic de faillite, que ce soit ou non de leur plein gré;

- (c) Si les Consultants ne se conforment pas à la décision finale atteinte à la suite d'une procédure d'arbitrage rendue conformément aux dispositions de la Clause 8 ci-après;
- (d) Si les Consultants soumettent au Client une déclaration qui a un effet déterminant sur les droits, obligations ou intérêts du Client, et que les Consultants savent être erronée;
- (e) Si, à la suite d'un cas de Force majeure, les Consultants sont placés dans l'incapacité d'exécuter une partie substantielle des Prestations pendant une période au moins égale à soixante (60) jours;
- (f) Si le Client, de sa propre violation et pour quelque raison que ce soit, décide de résilier le présent Contrat.

[Note: On peut ajouter, dans le cas des services de gestion, d'autres circonstances telles que, par exemple, l'incapacité, pour les installations placées sous la supervision du Consultant d'atteindre certains objectifs de production, ou des modifications importantes survenues sur le marché qui rendent la future exploitation de ces installations non rentables.]

2.9.2 - Par les Consultants

Les Consultants peuvent par notification écrite donnée au Client dans un délai qui ne saurait être inférieur à trente (30) jours suivant la venue des circonstances définies aux paragraphes (a) à (d) qui suivent résilier le présent Contrat:

- (a) Si le Client ne règle pas, dans les quarante-cinq (45) jours suivant réception de la notification écrite des Consultants d'un retard dans le règlement des sommes qui sont dues aux Consultants conformément aux dispositions du présent Contrat et non sujettes à contestation conformément aux dispositions de la Clause 8 ci-après;
- (b) Si le Client est effectivement en rupture de ses obligations contractuelles et n'a pas remédié à cette même rupture dans un délai de quarante-cinq (45) jours (ou de tout délai additionnel que les Consultants auraient accepté par écrit) suivant réception de la notification faite par les Consultants de la venue d'une telle rupture;
- (c) Si, à la suite d'un cas de Force majeure, les Consultants se trouvent dans l'incapacité d'exécuter une partie substantielle des Prestations pendant une période d'au moins soixante (60) jours;
- (d) Si le Client ne se conforme pas à la décision finale atteinte à la suite d'une procédure d'arbitrage rendue conformément aux dispositions de la Clause 8 ci-après.

2.9.3 - Fin des droits et des obligations

Tous les droits et toutes les obligations contractuelles des Parties cesseront à la résiliation du présent Contrat conformément aux dispositions des Clauses 2.2 ou 2.9, ou à l'achèvement du présent Contrat conformément aux dispositions de la Clause 2.4, à l'exception (i) des droits et des obligations qui pourraient demeurer à la date de la résiliation ou de l'expiration du Contrat, (ii) de l'obligation de réserve définie dans la Clause 3.3 ci-après, (iii) de l'obligation des Consultants définie dans la Clause 3.7 (ii) ci-après d'autoriser le Client ou ses représentants à vérifier, prendre copie et faire auditer leurs comptes et documentations et (iv) des droits qu'une Partie pourrait avoir conformément aux dispositions du Droit applicable.

2.9.4 - Achèvement des Prestations

A la résiliation du présent Contrat par notification d'une des Parties à l'autre Partie conformément aux dispositions des Clauses 2.9.1 ou 2.9.2 ci-dessus, les Consultants devront, immédiatement au moment de l'envoi ou de la réception de cette notification, prendre toutes mesures nécessaires pour conclure les Prestations rapidement et correctement, et tenter de réduire dans la mesure du possible les dépenses correspondantes. En ce qui concerne les documents préparés par les Consultants et les équipements et autres fournitures et contributions apportées par le Client, les Consultants procéderont comme défini respectivement par les Clauses 3.10 et 3.11 ci-après.

2.9.5 - Paiement à la suite de la résiliation

A la résiliation du présent Contrat conformément aux dispositions des Clauses 2.9.1 ou 2.9.2 ci-dessus, le Client réglera aux Consultants les sommes suivantes:

- (i) la rémunération due conformément aux dispositions de la Clause 6 ci-après au titre des Prestations effectuées de manière satisfaisante avant la date de résiliation;
- (ii) les dépenses remboursables conformément aux dispositions de la Clause 6 qui ont été effectuées avant la date de résiliation;
- (iii) dans les cas de résiliation autres que ceux qui ont été définis dans paragraphes (a) à (d) de la Clause 2.9.1 ci-dessus, le remboursement dans une limite raisonnable des dépenses résultant de l'achèvement rapide et en bon ordre du Contrat ainsi que des dépenses de rapatriement du personnel des Consultants et des membres du groupement de leurs familles qui y ont droit.

2.9.6 - Différends résultant de la résiliation

Si l'une des Parties conteste qu'un événement défini dans les paragraphes (a) à (e) de la Clause 2.9.1 ou dans la Clause 2.9.2 ci-dessus soit effectivement survenu, cette Partie peut, dans les quarante-cinq (45) jours suivant réception de la notification de la résiliation faite par l'autre Partie, renvoyer cette question à l'arbitrage conformément aux dispositions de la Clause 8 ci-après,

et le présent Contrat ne sera résilié en vertu de cet événement que conformément aux termes de la sentence arbitrale qui pourrait être rendue.

3. OBLIGATIONS DES CONSULTANTS

3.1 Dispositions générales

3.1.1 - Normes d'exécution

Les Consultants exécuteront les Prestations et rempliront leurs obligations avec la plus grande diligence, efficacité et économie, selon les techniques et pratiques généralement acceptées et utilisées dans le secteur de la construction [ou toute autre disposition appropriée] et selon les normes professionnelles en matière d'études et de conseils reconnues par les organisations professionnelles internationales; ils suivront des règles de l'art en matière de gestion, et ils emploieront des techniques modernes adaptées au projet, et utiliseront des équipements, des fournitures et des méthodes sûres et efficaces. Dans le cadre du présent Contrat ou des Prestations, les Consultants se comporteront toujours en conseillers loyaux du Client, et ils promouvront et protégeront en toute circonstance les intérêts légitimes du Client dans leurs rapports avec les Sous-traitants ou les Tiers.

3.1.2 - Droit applicable aux Services

Les Consultants exécuteront les Prestations conformément au Droit applicable et prendront toute mesure possible pour qu'eux-mêmes, leur Personnel et leurs agents ainsi que les Sous-traitants, leur Personnel et leurs agents respectent le Droit applicable. Le Client fera connaître par écrit aux Consultants les coutumes locales qu'à leur tour, les Consultants respecteront.

3.2 Conflits d'intérêts

3.2.1 - Commissions, rabais, etc.

La rémunération des Consultants qui sera versée conformément aux dispositions de la Clause 6 ci-après constituera la seule rémunération versée au titre du présent Contrat ou des Prestations et, sous réserve des dispositions de la Clause 3.2.2 ci-après, les Consultants n'accepteront pour eux-mêmes aucune commission à caractère commercial, rabais ou autre paiement de ce type en relation avec les activités conduites dans le cadre du présent Contrat ou des Prestations ou en tant que contrepartie de leurs obligations contractuelles, et ils feront de leur mieux pour que leur Personnel et leurs agents, ainsi que les Sous-traitants, leur Personnel et leurs agents ne perçoivent pas de rémunération supplémentaire de cette nature.

3.2.2 - Règles de passation des marchés des bailleurs de fonds

Si dans le cadre des Prestations qu'ils ont à effectuer, les Consultants sont chargés de conseiller le Client en matière d'achat de biens, travaux ou services, ils se conformeront aux directives de la Banque [ou: de

[l'Association] ou des autres bailleurs de Fonds sur la passation des marchés et rempliront en toutes circonstances leurs responsabilités de façon à sauvegarder au mieux les intérêts du Client. Tout rabais ou commission obtenue par les Consultants dans l'exercice de leurs responsabilités en matière de passation des marchés le seront pour le compte du Client.

**3.2.3 - Indépendance des Consultants et de leurs associés
à l'égard du projet**

Les Consultants s'engagent à ne pas intervenir dans l'achat de biens ou travaux ou services destinés au Projet, non plus que leurs associés ou Sous-traitants (à l'exception des prestations et de leur continuation). *[Note: Si le terme n'est pas défini (Voir Clause 1.1(j) ci-dessus), cette disposition devra être modifiée en supprimant les mots "le Projet" et en les remplaçant par: "...tout projet découlant des prestations ou en rapport étroit avec elles."]*

3.2.4 - Interdiction d'activités incompatibles

Les Consultants, leur Personnel et agents, les Sous-traitants, leur Personnel et agents ne devront pas s'engager, directement ou indirectement, dans des activités professionnelles ou commerciales s'exerçant dans le pays du Gouvernement et qui pourraient être incompatibles avec les activités qui leur ont été confiées au titre du présent Contrat. *[Note: les mots "dans le pays du Gouvernement" pourront être supprimés s'il semble qu'il existe un risque de conflit des activités se déroulant en dehors du pays du Gouvernement, ce qui devrait être interdit.]*

3.3 Réserve

Les Consultants, leurs Sous-traitants et leur Personnel, ainsi que le Personnel des Sous-traitants ne devront pas, pendant les deux années suivant l'expiration du Contrat, divulguer d'information confidentielle relative au Projet, aux Prestations, au présent Contrat ou aux affaires et activités du Client sans autorisation préalable écrite de ce dernier.

3.4 Responsabilité des Consultants

Les Consultants sont responsables à l'égard du Client de l'exécution des Prestations conformément aux dispositions du présent Contrat *[Note: Si les Consultants sont constitués de plusieurs personnes morales, cette disposition doit être changée comme suit: Les Consultants et chacun des membres de leur groupement seront responsables de l'exécution des prestations conjointement et solidairement à l'égard du Client...]* et pour toute perte subie par le Client en raison du défaut d'exécution des prestations, sous réserve des limites ci-après:

- (a) Les Consultants ne seront pas responsables de dommages ou préjudices causés par, ou résultant d'une action, négligence, manquement ou omission d'une personne autre que les Consultants et leur Personnel ou leurs Sous-traitants et le Personnel de ces derniers;
- (b) Les Consultants ne seront pas responsables des pertes ou dommages causés par, ou résultant de, circonstances qui échappent à leur contrôle.

[Note: Les Consultants essaient fréquemment d'introduire d'autres limites à leur responsabilité contractuelle. En les examinant, les Emprunteurs/Clients doivent observer la position de la Banque à cet égard:

1. *D'une manière générale, les Emprunteurs/Clients préfèrent éviter de limiter la responsabilité des Consultants à l'exception des limites résultant des dispositions des Clauses 3.4 (a) et 3.4 (b) du Modèle de Contrat. Cependant, étant donné qu'il n'est pas rare que des limites soient introduites ensuite dans la pratique par les Parties, la Banque n'accepte une telle limitation que dans la mesure où elle est raisonnable compte tenu des circonstances. D'un autre côté, si les parties préfèrent omettre toute mention à la responsabilité des Consultants (auquel cas, cette responsabilité sera soumise aux dispositions du Droit Applicable), la Banque ne soulevra pas d'objection si les parties s'accordent pour supprimer les Clauses 3.4 et 3.5; dans ce cas, elles devront aussi supprimer la Clause 5.6.*
2. *Pour être acceptée par la Banque, toute limite à la responsabilité des Consultants doit être raisonnablement en rapport, a tout le moins, (a) avec les dommages que les Consultants pourraient causer au Client, et (b) avec la capacité des Consultants de verser une compensation financée sur leurs propres ressources et de la couverture de l'assurance qu'ils pourraient raisonnablement obtenir. La responsabilité des Consultants ne sera en aucun cas inférieure à celui des deux montants qui est le plus élevé ; le total des paiements que les Consultants doivent percevoir au titre du Contrat au titre de leur rémunération et des dépenses remboursables, ou la couverture de l'assurance de cette responsabilité. La Banque n'accepte pas une déclaration des Consultants à l'effet de limiter leur responsabilité à la ré-exécution des Prestations défectueuses.*
3. *La responsabilité des Consultants ne doit jamais être limitée aux pertes et dommages causés par négligence grave ou faute intentionnelle. Par conséquent la disposition relative à la limitation de responsabilité pourra être rédigée de la façon suivante: A l'exception des cas où les dommages ou pertes résultent d'une négligence grave ou d'une faute intentionnelle des Consultants ou de leur Personnel, leurs employés ou leurs agents, la responsabilité des Consultants envers le Client au titre du présent Contrat ne dépassera pas un montant de _____.
La Banque ne recommande aux Emprunteurs/Clients d'accepter une exclusion de responsabilité des Consultants pour dommages indirects. Si les Emprunteurs/Clients souhaitent accepter cette exclusion, ils ne doivent jamais le faire dans le cas de négligence grave ou de faute intentionnelle. Cette exclusion pourra donc être rédigée dans les termes suivants: Les Consultants ne seront pas responsables envers le Client en raison de pertes ou dommages*

indirects, à l'exception des pertes ou dommages qui auraient pu résulter d'une négligence grave ou faute intentionnelle des Consultants, de leur Personnel, leurs employés ou leurs agents.

5. *La Banque n'accepte pas les dispositions aux termes desquelles (voir par exemple FIDIC - IGRA E&C, Clause 2.4.1) le Client indemniserait les Consultants et les dégagerait des réclamations des tiers, à l'exception bien entendu du cas où la réclamation se base sur une perte ou un dommage résultant d'un manquement ou d'une action fautive du Client (voir Clause 5:6 ci-après).]*

3.5 Dédommagement du Client par les Consultants

Les Consultants devront effectivement et complètement dédommager le Client, aussi bien pendant et après l'achèvement de l'exécution des obligations contractuelles, de toutes pertes, dommages, préjudices, décès, dépenses, actions, démarches, demandes, frais et réclamations, y compris, mais non limitées aux frais et dépenses judiciaires, à la charge du Client ou des Tiers, lorsque de telles pertes, dommages, préjudices, ou décès résultent d'une action fautive, d'une négligence ou d'une rupture de Contrat de la part des Consultants, de leur Personnel ou de leurs agents, ou de la part de leurs Sous-traitants, et du Personnel ou des agents de ces derniers, y compris l'utilisation ou la violation d'une oeuvre soumise à des droits de reproduction, propriété intellectuelle ou invention, article ou appareil breveté.

3.6 Assurance à la charge des Consultants

Les Consultants (i) souscriront, maintiendront, et feront en sorte que leurs Sous-traitants souscrivent et maintiennent (ou aux frais des Sous-traitants, le cas échéant) à leurs frais, mais conformément aux termes et conditions approuvées par le Client, des polices d'assurance couvrant les risques, et pour les montants, indiqués ci-après, et (ii) à la demande du Client, lui fourniront la preuve que ces polices d'assurance ont bien été souscrites et maintenues et que les primes ont bien été réglées:

- (a) Assurance automobile à l'égard des tiers pour les véhicules utilisés par les Consultants et leur Personnel, ainsi que les Sous-traitants et leur Personnel, dans le pays du Gouvernement, pour une couverture minimum de _____;
- (b) Assurance de la responsabilité à l'égard des tiers, pour une couverture minimum de _____;
- (c) Assurance de la responsabilité professionnelle, pour une couverture minimum de _____;
- (d) Assurance de la responsabilité patronale et les accidents de travail couvrant le Personnel des Consultants et de leurs Sous-traitants, conformément aux dispositions légales en vigueur, et assurance vie, maladie, voyage ou autre, comme il conviendra;
- (e) Assurance contre les pertes ou dommages subis par (i) les équipements financés en totalité ou en partie au titre du présent Contrat, (ii) les biens utilisés par les Consultants et (iii) les documents préparés par les Consultants au cours de l'exécution des Prestations.

3.7 Comptabilité, inspection et audits

Les Consultants (i) tiendront systématiquement une comptabilité et une documentation à jour relative aux Prestations, selon les principes de comptabilité généralement reconnus et sous une forme suffisamment détaillée pour permettre d'identifier clairement toutes les dépenses et coûts et la base sur laquelle ils ont été calculés (y compris les bases des déclarations faites par les Consultants auxquelles il est fait référence dans la Clause 6.3(b)(3) ci-après), et (ii) autoriseront le Client ou ses représentants à les inspecter périodiquement, à en prendre copie et à les faire vérifier par des experts désignés par le Client.

3.8 Approbation préalable

Les Consultants obtiendront l'approbation préalable du Client par écrit avant de:

- (a) nommer le Personnel chargé de l'exécution des Prestations, cette approbation devant s'étendre aux termes et conditions de la nomination;

[Note: Cette disposition peut être modifiée de façon à en limiter l'application à certains membres du groupement clés du Personnel]

- (b) sous-traiter l'exécution d'une partie des Prestations, étant bien entendu que (i) le choix du Sous-traitant et les termes et conditions de la sous-traitance auront été approuvés par le Client avant l'exécution du contrat de sous-traitance, et que (ii) les Consultants demeureront entièrement responsables de l'exécution des Prestations par le Sous-traitant et son Personnel conformément aux dispositions du présent Contrat;

- (c) prendre toute mesure relative à un marché de génie civil dans le cadre d'un Projet où les Consultants sont désignés en tant "qu'Ingénieur," et pour laquelle l'approbation écrite du Client agissant en tant que "Maître de l'Ouvrage" est requise;

[Note: Cette disposition ne doit figurer que lorsque les prestations comportent l'étude et le contrôle de travaux de génie civil.]

- (d)

- (e)

3.9 Obligations en matière de rapports

Les Consultants soumettront au Client les rapports et documents indiqués dans l'Annexe B ci-après, dans la forme, le nombre et les délais indiqués dans cette Annexe.

3.10 Propriété des documents préparés par les Consultants

Tous les plans, dessins, spécifications, études, rapports et autres documents préparés par les Consultants au cours de l'exécution des Prestations deviendront et demeureront la propriété du Client, et les Consultants les remettront au Client avant la résiliation ou la fin du présent Contrat, avec l'inventaire détaillé correspondant. Les Consultants pourront conserver un

exemplaire de ces documents mais ne pourront les utiliser à des fins indépendantes du présent Contrat sans autorisation écrite préalable du Client. Aucune Partie ne sera habilitée à les utiliser à des fins autres que celles du Contrat, sans l'approbation préalable par écrit de l'autre Partie. *[Note: une autre rédaction peut être introduite: "Les Consultants pourront conserver un exemplaire des documents. Aucune Partie ne pourra les utiliser à des fins indépendantes du présent Contrat sans autorisation écrite préalable de l'autre Partie."]*

3.11 Equipement et fournitures apportés par le Client

Les équipements et fournitures mis à la disposition des Consultants par le Client, ou bien achetés par les Consultants sur des fonds fournis par le Client seront la propriété du Client et en porteront l'identification. A la résiliation ou à l'achèvement du présent Contrat, les Consultants remettront au Client un inventaire de cet équipement et de ces fournitures et disposeront de ces derniers conformément aux instructions du Client.

[Note: A moins que ces équipements et fournitures soient assurés par le Client, la phrase suivante devra être ajoutée: "Lorsqu'ils seront en possession de ces équipements et ces fournitures, les Consultants les assureront aux frais du Client pour un montant égal à leur valeur de remplacement. " Le coût de cette assurance devra alors figurer dans les dépenses remboursables - Clauses 6.3 et/ou 6.4 et aux Annexes correspondantes.]

4. PERSONNEL DU CONSULTANT

4.1 Dispositions générales

Les Consultants emploieront et fourniront un Personnel dont la qualification et l'expérience sont celles que nécessite l'exécution des Prestations.

4.2 Description du Personnel

- (a) Les titres, descriptions des postes précédemment arrêtés, les qualifications minimum et l'estimation des hommes-mois affectés à l'exécution des Prestations sont décrits dans l'Annexe C pour chacun des membres du groupement du Personnel des Consultants.
- (b) Si cela s'avère nécessaire pour se conformer aux dispositions de la Clause 3.1.1 du présent Contrat, les Consultants pourront ajuster la durée estimée d'engagement du personnel telle qu'indiquée dans l'Annexe E, par notification écrite au Client, à la condition que (i) ces ajustements ne modifient la durée originelle d'engagement d'aucun individu de plus de 10%, ou d'une semaine - la durée la plus longue constituant le maximum, et que (ii) la totalité de ces ajustements ne résulte pas en une augmentation des paiements au titre du présent Contrat dépassant le montant maximum figurant à la Clause 6.1(b) du présent Contrat, à moins qu'il n'en ait été décidé autrement.
- (c) Si des tâches en dehors de l'étendue des Prestations définie dans l'Annexe A sont demandées, l'estimation des hommes-mois pourra être réévaluée de commun accord entre les Parties, à la condition que

cette réévaluation ne dépasse pas, sauf s'il en a été décidé autrement, le montant maximum figurant à la Clause 6.1(b) du présent Contrat.

4.3 Agrément du Personnel

Le Personnel et les Sous-traitants dont le nom et les titres figurent dans l'Annexe C reçoivent l'agrément du Client. Les Consultants soumettront pour examen et approbation, pour le reste du Personnel qu'ils entendent affecter à l'exécution des Prestations, un exemplaire de leur curriculum vitae et, (dans le cas du Personnel qui doit intervenir dans le pays du Gouvernement) un exemplaire du certificat médical acceptable dans la forme indiquée dans l'Annexe D ci-après pour examen et approbation par le Client. Si le Client n'élève pas d'objection par écrit (en indiquant ses motifs) dans les vingt-et-un (21) jours calendaires suivant la date où il aura reçu le curriculum et (le cas échéant) le certificat, ce Personnel sera considéré comme étant approuvé par le Client.

4.4 Heures ouvrables, heures supplémentaires, congés, etc.

- (a) Les heures ouvrables et les jours fériés applicables au Personnel étranger sont indiqués dans l'Annexe E ci-après. En ce qui concerne les délais de route, le Personnel étranger qui exécutera les Prestations dans le pays du Gouvernement sera considéré comme ayant commencé (ou terminé) à se consacrer aux Prestations pour le nombre de jours suivant (sans jamais dépasser __ jours par voyage) avant leur arrivée dans le pays du Gouvernement (ou après leur départ comme il est indiqué dans l'Annexe E ci-après).
- (b) Le Personnel n'aura pas droit à être payé pour heures supplémentaires, pour congés maladie ou vacances à l'exception des cas définis en Annexe E ci-après, et excepté dans ces cas, la rémunération des Consultants sera réputée couvrir ces heures, congés ou vacances. Les congés accordés au Personnel sont inclus dans les hommes-mois figurant dans l'Annexe C. Les congés pris par le Personnel seront sujets à agrément préalable des Consultants qui s'assureront que les absences pour congé ne risquent pas de retarder le déroulement et le suivi des Prestations.

4.5 Retrait et/ou remplacement du Personnel

- (a) Sauf dans le cas où le Client en aurait décidé autrement, aucun changement ne sera apporté au Personnel. Si, pour des raisons au-delà du contrôle possible des Consultants, il s'avère nécessaire de remplacer un des membres du groupement du Personnel, les Consultants fourniront une personne d'une qualification égale ou supérieure.
- (b) Si le Client (i) découvre qu'un des membres du groupement du Personnel s'est rendu passible d'un manquement sérieux ou est poursuivi pour crime ou délit, ou (ii) s'il a des raisons suffisantes pour n'être pas satisfait du comportement d'un des membres du

groupement du Personnel, les Consultants devront alors, sur demande motivée du Client, fournir immédiatement un remplaçant dont la qualification et l'expérience sont acceptables au Client.

- (c) La sélection du Personnel fourni en remplacement conformément aux dispositions des Clauses (a) et (b) ci-dessus, son taux de rémunération et les dépenses remboursables (y compris les dépenses relatives au nombre de dépendants qualifiés pour ces dépenses) que les Consultants souhaitent soumettre en raison du remplacement du Personnel seront soumis à approbation écrite préalable du Client. A l'exception des cas où le Client en aurait convenu autrement, (i) les Consultants prendront à leur charge tous les frais de voyage et autres résultant du retrait et/ou remplacement, et (ii) la rémunération versée au titre du Personnel fourni en remplacement ne saurait dépasser la rémunération qui aurait été versée au Personnel remplacé.

4.6 Chef de projet résident

[Les Consultants assureront la présence continue, pendant toute la durée de l'exécution des Prestations dans le pays du Gouvernement, d'un chef de projet résident responsable de l'exécution des Prestations et qui soit acceptable au Client.]

[Note: Disposition facultative]

5. OBLIGATIONS DU CLIENT

5.1 Assistance et Exemptions

[Le Client s'engage à ce que le Gouvernement:]

[Le Client fera de son mieux pour que le Gouvernement:]

[Note: Sélectionner l'une des deux options]

- (a) fournisse aux Consultants et à leur Personnel ainsi qu'aux Sous-traitants et à leur Personnel les permis de travail et autres documents qui leur sont nécessaires dans le cadre de l'exécution des Prestations;
- (b) fasse en sorte que leur Personnel, et, le cas échéant, leurs familles, obtiennent rapidement les visas d'entrée et de sortie requis pour leur séjour dans le pays du Gouvernement;
- (c) aide au dédouanement des biens nécessaires à l'exécution des Prestations et des effets personnels appartenant au Personnel et à leurs familles;
- (d) donne aux agents et représentants officiels du Gouvernement les instructions nécessaires à la réalisation rapide des Prestations;
- (e) exempte les Consultants et leur Personnel ainsi que les Sous-traitants employés par les Consultants au titre des Prestations de toute inscription obligatoire ou obtienne pour eux les permis nécessaires à la pratique de la profession de _____ *[indiquer selon le cas: ingénieur, architecte, etc.]* ou à leur établissement en tant que personne physique ou morale conformément aux dispositions du Droit applicable;

- (f) accorder aux Consultants et à leur Personnel ainsi qu'aux Sous-traitants et à leur Personnel le privilège, conformément aux dispositions du Droit applicable, d'importer dans le pays du Gouvernement, un montant de devises raisonnable au titre de l'exécution des Prestations et des besoins personnels du Personnel et de leurs familles, et de réexporter les devises qui ont été versées au Personnel au titre de l'exécution des Prestations.

5.2 Accès aux lieux

Le Client garantit aux Consultants libre accès aux lieux situés dans le territoire du Gouvernement et dont l'accès est nécessaire pour l'exécution des Prestations. Le Client sera responsable pour tout dommage aux biens et terrains qui peuvent en résulter, et dédommagera les Consultants et les membres du groupement de leur Personnel en raison de la responsabilité découlant de ces dommages, à moins qu'ils ne résultent d'un manquement ou d'une négligence des Consultants et de leur Personnel, ou des Sous-traitants et de leur Personnel.

5.3 Changements réglementaires

Si, après la date de signature du présent Contrat, il survient une modification du Droit applicable qui ait pour conséquence d'augmenter ou de diminuer les coûts ou dépenses remboursables à la charge des Consultants au titre de l'exécution des Prestations, la rémunération et les dépenses remboursables qui, en l'absence de toutes modifications réglementaires auraient été payables aux Consultants augmenteront ou diminueront par accord entre les Parties et les montants maximum figurant à la Clause 6.1(b) seront ajustés en conséquence.

5.4 Services, installations et propriétés

Le Client mettra gratuitement à la disposition des Consultants et du Personnel, aux fins de l'exécution des Prestations, les services, installations et propriétés figurant à l'Annexe F aux dates et selon les modalités figurant à cette Annexe, à la condition toutefois que si de tels services, installations et propriétés ne peuvent être mis à la disposition des Consultants selon les dates et les modalités prévues, les Parties s'entendront sur (i) le délai supplémentaire accordé aux Consultants pour l'exécution des Prestations, (ii) la manière selon laquelle les Consultants obtiendront ces services, installations et propriétés auprès d'une autre source, et (iii) le cas échéant les paiements additionnels qui en résulteraient, à régler aux Consultants conformément aux dispositions de la Clause 6.1(c) ci-après.

5.5 Paiements

Au titre des Prestations rendues par les Consultants dans le cadre du présent Contrat, le Client effectuera à leur bénéfice les paiements définis à la Clause 6 du présent Contrat.

5.6 Dédommagement des Consultants

Le Client dédommagera les Consultants, pendant la durée du Contrat et après son achèvement, de toutes pertes, dommages, dépenses, actions, démarches, frais et réclamations, y compris, mais non limités aux frais judiciaires, à la charge des Consultants ou d'un Tiers en raison d'un manquement, d'une négligence ou d'une rupture de contrat du fait du Client ou de ses agents et employés.

5.7 Personnel homologue

- (a) Le Client mettra gratuitement à la disposition des Consultants dans la mesure et aux dates indiquées à l'Annexe __, le personnel homologue qu'il aura lui-même sélectionné, avec les conseils des Consultants, comme indiqué dans l'Annexe __. Le personnel homologue travaillera sous la direction exclusive des Consultants. Si un des membres du groupement du personnel homologue n'exécute pas de façon satisfaisante les tâches qui lui sont confiées par les Consultants conformément à la position qui lui a été attribuée, les Consultants pourront demander qu'il soit remplacé, et le Client ne refusera pas accéder à leur requête sans motif sérieux.
- (b) Si le Client ne met pas le personnel homologue à la disposition des Consultants de la manière et aux dates indiquées à l'Annexe __, il s'entendra avec les Consultants sur (i) la façon dont les prestations qui sont affectées par ce changement seront effectuées, et (ii) les paiements complémentaires que, le cas échéant, il versera aux Consultants à ce titre et conformément aux dispositions de la Clause 6.1(c).

[Note: Cette clause sera supprimée s'il n'est pas prévu de personnel homologue.]

[Note: On peut ajouter ici d'autres dispositions, par exemple: obligation qu'a le Client de prendre rapidement certaines décisions relatives au projet, etc...]

6. PAIEMENTS VERSES AUX CONSULTANTS

6.1 Estimation du coût: montant plafond

- (a) Une estimation du coût des Prestations payables en devises figure à l'Annexe G. Une estimation du coût des Prestations payables en monnaie locale figure à l'Annexe H.
[Note: Si les paiements destinés aux Consultants sont entièrement exprimés en monnaie locale, les Consultants devront indiquer les articles ou pourcentage à payer en devises ainsi que les taux de change applicables. Voir par exemple, les paragraphes 2.23 et 2.26 des Directives pour la Passation des Marchés publiées en mai 1985.]
- (b) Excepté au cas où il en aurait été convenu autrement conformément aux dispositions de la Clause 2.6, et sous réserve des dispositions de

- la Clause 6.1(c), les paiements effectués au titre du Contrat ne dépasseront pas un plafond de _____ en devises, et un plafond de _____ en monnaie locale. Les Consultants informeront le Client dès que le montant cumulé des dépenses effectuées au titre des Prestations aura atteint 80% de l'un ou l'autre de ces plafonds.
- (c) Nonobstant les dispositions de la Clause 6.1(b) ci-dessus, le Client fournira également à titre gratuit les services et installations prévues par la Clause 5.5 ci-dessus (ainsi que le Personnel homologue auquel il est fait référence à la Clause 5.8) *[Note: S'il n'y a pas de personnel homologue, les mots entre parenthèses devront être supprimés]*. Si certaines de ces services, installations ou propriétés, (ou personnel homologue) n'ont pas été fournis comme prévu, les Parties s'entendront sur les paiements complémentaires en devises et/ou en monnaie locale (le cas échéant) versés aux Consultants à ce titre, de façon à couvrir les dépenses complémentaires qui s'avèreraient nécessaires et qui n'auraient pas été prises en compte dans les estimations de coûts dont il est fait mention dans la Clause 6.1(a) ci-dessus et le ou les montants plafonds, selon le cas, arrêtés à la Clause 6.1(b) ci-dessus seront augmentés du ou des montants, selon le cas, de ces paiements complémentaires.

6.2 Monnaie de Paiement

Excepté aux cas où il en aurait été convenu autrement entre les Parties:

- (a) les paiements en devises effectués conformément aux dispositions de la Clause 6.3 ci-après seront en *[Note: Indiquer la ou les devises dont ont convenu les Parties]*; et
- (b) les paiements en monnaie locale effectués conformément aux dispositions de la Clause 6.4 ci-après seront en _____.

6.3 Paiements en devises

- (a) Sous réserve des plafonds arrêtés dans la Clause 6.1(b) ci-dessus, le Client réglera en devises aux Consultants la rémunération définie à la Clause 6.3(b) ci-après, ainsi que les dépenses remboursables définies à la Clause 6.3(c).

[Note: Pour les contrats de longue durée, c.a.d., les contrats d'une durée d'un an par exemple, il pourra être nécessaire d'introduire une clause de révision des prix.]

- (b) La rémunération du Personnel sera déterminée sur la base du temps qu'il aura effectivement consacré à l'exécution des Prestations [à partir de la Date de commencement] [après _____]

[Noté: Choisir l'une des deux options, et si la seconde est retenue, indiquer la date à laquelle les Consultants ont commencé l'exécution des Prestations] (y compris _____)

_____ par le voyage, par la route la plus directe) aux taux applicables à ce Personnel tels qu'ils sont indiqués dans l'Annexe G, sous réserve des dispositions suivantes:

(1) Il est entendu (i) que les taux de rémunération couvriront: (A) les salaires et indemnités que les Consultants ont accepté de payer au Personnel ainsi que les charges sociales et frais généraux fondés sur

la structure des coûts moyens, tels qu'ils ressortent des états financiers des Consultants portant des trois dernières années, (B) l'appui fourni par le Personnel du siège et ne figurant pas sur la liste du Personnel dans l'Annexe C, et (C) les honoraires des Consultants, (ii) que les bonus et autres formes de partage des bénéfices ne pourront être considérés comme un élément des frais généraux, (iii) et que les taux correspondant à des individus qui n'ont pas encore été engagés seront indicatifs et susceptibles d'être révisés, avec l'approbation écrite du Client, lorsque le montant des salaires et indemnités sera connu.

(2) La rémunération correspondant à des périodes inférieures à un mois sera calculée sur une base horaire en fonction du temps effectivement passé au siège des Consultants et directement rattaché aux Prestations (une heure équivalent à _____ du mois)

[Note: Indiquer la fraction correspondante] et, pour le temps passé en dehors du siège, sur la base de journées calendaires (une journée correspondant à 1/30ème du mois).

(3) Les taux de rémunération ont été convenus sur la base des déclarations faites par les Consultants au cours de la négociation du Contrat et relatives aux coûts et charges supportées par les Consultants auxquelles il est fait référence à l'alinéa 6.3(b) ci-dessus telles qu'elles sont attestées dans le formulaire "Déclarations des consultants relatives à la structure des coûts et autres charges," en date du). Si (soit à la suite d'inspections et d'audits conduits conformément aux dispositions de la Clause 3.7 ci-dessus, soit par d'autres moyens), le Client découvre que ces déclarations sont substantiellement incomplètes ou inexactes, il sera en droit d'introduire les modifications nécessaires dans les taux de rémunération qui ont été incomplètement ou incorrectement déclarés. De telles modifications auront un effet rétroactif et, si la rémunération a été déjà payée par le Client avant qu'elles ne soient effectuées, (i) le Client aura droit à déduire les paiements en excès du paiement suivant versé aux Consultants, ou (ii) si tous les paiements ont été effectués, les Consultants rembourseront au Client tout paiement en excès dans les trente (30) jours suivant réception de la demande du Client. Cette demande de remboursement effectuée par le Client doit être introduite dans les douze (12) mois calendaires suivant réception par le Client du rapport et du relevé final approuvés par le Client conformément aux dispositions de la Clause 6.6(d) figurant au présent Contrat.

[Note : Un modèle de formulaire est joint en annexe sous le titre "Formulaire I". Lorsque le Consultant retenu est invité à négocier son contrat, le Client doit exiger qu'il soumette ce formulaire correctement rempli et validé, et accompagné des relevés de salaires requis, au plus tard au commencement de la négociation et (ii) dans le formulaire "Sous-Détail des Taux fixés convenus dans le Contrat de Consultants", en date du ____]

[Note: insérer la date du Formulaire valide par les Consultants], qui a été rempli et signé par les consultants à l'issue de la négociation du Contrat.]

[Note: Un modèle de formulaire est joint en annexe sous le titre "Formulaire II". Les Consultants doivent remplir et signer le formulaire à l'issue de la négociation du contrat, lorsque les Parties auront arrêté les taux et leurs sous-détails.]

- (c) Les dépenses remboursables, telles qu'elles figurent à l'Annexe G, correspondent aux catégories de dépenses suivantes à la charge des Consultants en raison de l'exécution des Prestations et dans une limite raisonnable:
- (1) une indemnité journalière (per diem) versée à chacun des membres du groupement du Personnel à raison de chaque journée au cours de laquelle il aura été absent du siège et sera à l'extérieur du pays du Gouvernement en raison de l'exécution des Prestations au taux de _____ par jour.
- (2) les coûts de transports suivants:
- (i) le coût des voyages internationaux du Personnel étranger et des membres du groupement de leurs familles qui y ont droit tels que définis ci-après, en utilisant les moyens de transport les mieux appropriés et par l'itinéraire le plus direct qui soit possible en direction ou en provenance du siège des bureaux des Consultants; en cas de voyage aérien, ce voyage s'effectuera en classe inférieure à la première classe;
- (ii) pour tout Personnel étranger passant vingt-quatre (24) mois ou plus consécutifs dans le pays du Gouvernement, un voyage aller-retour sera remboursé pour chaque mission de vingt-quatre mois effectué dans le pays du Gouvernement. Le Personnel n'aura droit à ce voyage supplémentaire que si, lors de son retour dans le pays du Gouvernement, il doit résider au titre du Projet pour une période complémentaire que ne sera pas inférieure à six (6) mois consécutifs;
- (iii) le coût de transport en provenance et à destination du pays du Gouvernement des ayant-droits de leur famille, à savoir le conjoint et au maximum deux (2) enfants à charge de moins de dix-huit (18) ans des membres du groupement du personnel étranger qui sont envoyés en poste dans le pays du Gouvernement au titre des Prestations pour des périodes qui ne seront pas inférieures à six (6) mois consécutifs, à la condition que le séjour des membres du groupement de la famille dans le pays du Gouvernement ne soit pas inférieur à trois (3) mois consécutifs. Si la durée de la mission des membres du groupement du Personnel en résidence à l'étranger atteint ou dépasse trente (30) mois, il sera remboursés un voyage supplémentaire pour chacun des membres du groupement de leur famille défini au présent paragraphe au titre de chaque mission de vingt-quatre (24) mois;
- (iv) les frais d'excès de bagage dans un plafond de vingt (20) kilos, ou un montant équivalent en bagages non en fret aérien, dans le cas des voyages aériens du Personnel étranger et des membres du groupement de leurs familles;
- (v) des frais de voyage divers tels que les dépenses de transfert à destination ou en provenance des aéroports, taxes d'aéroport, frais

- de visa, de permis de voyage, de vaccination, etc. pour un montant unitaire de _____ par voyage aller-retour;
- (3) les frais de communication (à l'exception des communications faites à partir du pays du Gouvernement) qui sont, dans une limite raisonnable, rendus nécessaires pour l'exécution des Prestations;
 - (4) les frais d'impression, de reproduction et de transport des documents, rapports, plans, etc. listés aux Annexes A et B ci-après;
 - (5) les frais d'achat, de transport et de manutention des équipements, instruments, et fournitures nécessaires à l'exécution des Prestations tels que définis à l'Annexe G.2(f) ci-après;
 - (6) les frais de transport des effets personnels, dans un plafond de _____;
 - (7) les frais de programmation et d'utilisation d'ordinateurs et de communication entre ordinateurs qui sont nécessaires à l'exécution des Prestations aux taux indiqués à l'Annexe _____;
 - (8) les frais de formation du personnel du Client à l'extérieur du pays du Gouvernement, comme indiqué à l'Annexe _____;
 - (9) les frais d'essai en laboratoire des échantillons, des essais sur modèle et des autres prestations techniques qui ont été autorisées ou demandées par le Client, comme indiqué à l'Annexe _____;
 - (10) le coût en devises correspondant aux contrats de sous-traitance nécessaires à l'exécution des Prestations et approuvés par écrit par le Client;
 - (11) le coût des postes non couverts ci-dessus mais qui peuvent être nécessaires aux Consultants pour l'exécution des Prestations, sous réserve de l'approbation préalable écrite du Client;
 - (12) tout paiement additionnel en devises pour des postes de dépenses réellement supportés, tels que les Parties aient pu en convenir conformément aux dispositions de la Clause 6.1(c) ci-dessus.

[Note: Supprimer les articles inapplicables et en ajouter d'autres, le cas échéant.]

6.4 Paiements versés aux Consultants en monnaie locale.

Sous réserve du plafond indiqué dans la Clause 6.1(b) ci-dessus, le Client paiera ou remboursera le Consultant en monnaie locale au titre des dépenses encourues dans le pays du Gouvernement dans le cadre des Prestations, comme suit:

- (a) indemnité journalière (per diem) à un taux en monnaie locale équivalant à
[Note: indiquer la devise qui figure dans la Clause 6.2(a)]
par jour, pour chacun des membres du groupement du Personnel étranger affecté à ses missions de courte durée (c.a.d. missions inférieures à douze (12) mois consécutifs dans le pays du Gouvernement) pour les premiers quatre-vingt-dix (90) jours au cours desquels ce Personnel séjournera dans le pays du Gouvernement;
- (b) indemnité journalière (per diem) à un taux en monnaie locale équivalant à

[Note: indiquer la devise qui figure dans la Clause 6.2(a)]

par jour, pour chacun des membres du groupement du Personnel étranger affecté à ses missions de courte durée, au delà de quatre-vingt-dix (90) jours au cours desquels ce Personnel séjournera dans le pays du Gouvernement;

- (c) indemnité de subsistance pour chacun des membres du groupement du Personnel étranger affecté à ses missions de longue durée (séjour consécutif de douze (12) mois ou plus dans le pays du Gouvernement) telles que définies dans l'Annexe H;
- (d) coût afférents aux postes de dépenses locales: transport local, installation de bureau, campement, services sous-traités, essais de matériaux, location d'équipement, fournitures, charges et frais de communication encourus dans le pays du Gouvernement, dans la seule limite nécessaire à l'exécution des Prestations, comme indiqué dans l'Annexe H;
- (e) coût de l'équipement et des fournitures achetés localement comme indiqué dans l'Annexe H;
- (f) coût du Personnel local aux taux prévus pour ce personnel comme indiqué dans l'Annexe H;
- (g) le coût en monnaie locale correspondant aux contrats de sous-traitance nécessaires à l'exécution des Prestations et approuvés par écrit par le Client;
- (h) tout paiement additionnel en monnaie locale pour des postes de dépenses réellement supportées, tels que les Parties ont pu en convenir conformément aux dispositions de la Clause 6.1(c) ci-dessus;
- (i) coût des autres articles qui pourraient être nécessaires à l'exécution des Prestations, comme convenu par écrit avec le Client.

[Note: Supprimer les articles inapplicables, en ajouter d'autres, le cas échéant.]

6.5 Conversion des monnaies

Dans le cas où il serait nécessaire de déterminer le montant correspondant d'une monnaie ou devise dans une autre monnaie ou devise aux fins du présent Contrat, la conversion s'effectuera au taux de change légalement en vigueur au jour et à la date de la transaction ou dépense correspondante et dans la monnaie ou devise qui aura été utilisée pour cette transaction ou dépense.

6.6 Modalités de facturation et de paiement

La facturation et les paiements effectués au titre des Prestations seront effectués comme suit:

- (a) Dans les _____ jours suivant la Date de mise en vigueur, le Client versera au Consultant une avance de _____ en devises et de _____ en monnaie locale. L'avance sera déduite par fractions égales par le Client des relevés correspondant aux _____ mois des Prestations jusqu'à ce que l'avance ait été entièrement remboursée. Cette avance sera versée après constitution par les Consultants d'une

garantie bancaire émise en faveur du Client auprès d'une banque qui lui soit acceptable pour un montant en devises égal à la partie en devises de l'avance, et qui devra rester valide jusqu'à ce que: (i) l'avance ait été entièrement remboursée comme prévu ci-dessus, et (ii) sous la forme définie dans l'annexe 1 ci-après ou sous toute autre forme que le Client aurait approuvée par écrit.

[Note: une garantie de remboursement de l'avance peut être également requise pour l'avance effectuée en monnaie locale.]

- (b) Aussitôt que possible et au plus tard dans les quinze (15) jours suivant la fin de chaque mois calendaire au cours de l'exécution des Prestations, les Consultants soumettront au Client, en double exemplaire, les relevés de dépenses détaillés par article des montants payables conformément aux dispositions des Clauses 6.3 et 6.4 pour le mois en question, accompagnés d'un exemplaire des factures, bordereaux et autres documentations correspondantes. Les dépenses payables d'une part en devises et d'autre part en monnaie locale apparaîtront sur des relevés distincts. Chacun de ces relevés mensuels indiquera séparément la partie des dépenses qui correspond à la rémunération elle-même, et la partie des dépenses qui correspond aux dépenses remboursables. La partie correspondant à la rémunération sera exprimée en

[Note: indiquer la devise qui figure dans la Clause 6.2(a)]

et la partie correspondante remboursable sera exprimée dans la monnaie ou devise de la dépense elle-même.

[Note: L'autre possibilité est de s'entendre sur un échéancier de paiements mensuels qui pourront être ajustés au cours du mois suivant sur la base des relevés de dépenses détaillées par article soumis au titre du mois précédent. Un exemple en est donné dans la section 3.02 de la version en date du 15 octobre 1980.]

- (c) Le Client versera les sommes correspondant aux relevés mensuels des Consultants dans les soixante (60) jours suivant la réception de ces relevés des pièces justificatives correspondantes par le Client. Seul le paiement de la partie du relevé mensuel qui n'est pas correctement justifiée pourra être différé. S'il apparaît une différence entre les paiements réellement effectués et les dépenses qui auraient été autorisées, le Client pourra inclure la différence correspondante dans les paiements suivants. Un intérêt moratoire à un taux de _ par an sera dû de la date indiquée ci-dessus pour toute somme déjà due mais pas encore payée à cette date.

- (d) Le dernier paiement effectué au titre de la présente Clause ne pourra être effectué qu'après remise du rapport final et du relevé final, soumis en tant que tels, par les Consultants et après leur approbation par le Client. Les Prestations seront réputées achevées et réceptionnées par le Client, et le rapport final ainsi que le relevé final seront réputés approuvés par le Client dans les quatre-vingt-dix (90) jours suivant réception par le Client, qui devra donner dans ce même délai de quatre-vingt-dix jours notification écrite au Consultant en précisant en détail quelles sont les insuffisances qu'il aurait relevées dans l'exécution des Prestations, dans le rapport final ou dans le

relevé final. Les Consultants apporteront alors immédiatement les corrections ou amendements nécessaires et la même procédure sera suivie de nouveau après que les corrections ou amendements aient été apportés par les Consultants. Tout montant que le Client a payé ou fait payer conformément aux dispositions ou delà présente Clause en deçà des montants effectivement payables conformément aux dispositions du présent contrat seront remboursés au Client par les Consultants dans les trente (30) jours suivant notification aux Consultants. Une telle demande de remboursement émanant du Client devra être formulée dans les douze (12) mois calendaires suivant la réception par le Client du rapport final et du relevé final et de son approbation subséquente.

- (e) Les paiements effectués au titre du présent contrat seront versés au compte suivant:

(i) Pour les paiements en devises:

[Note: indiquer le numéro du compte]

(ii) Pour les paiements en monnaie locale:

[Note: indiquer le numéro du compte]

[Note: La Banque mondiale estime que les contrats basés sur le temps passé qui dépassent un an devraient inclure une révision des prix. Le personnel de la Banque est prêt à préparer avec les emprunteurs des clauses adaptées à cet effet. Dans ce contexte, on notera que lorsque les devises utilisées pour les paiements et les indices utilisés pour la révision se rapportent à des pays différents, une correction sera nécessaire. Voir la Note/116 du document type sur la Passation des Marchés de Génie Civil financés par la Banque mondiale.]

7. EQUITE ET BONNE FOI

7.1 Bonne foi

Les Parties s'engagent à agir de bonne foi, à respecter leurs droits contractuels réciproques et à prendre toute mesure possible pour atteindre les objectifs du présent Contrat.

7.2 Exécution du Contrat

Les Parties reconnaissent qu'il n'est pas possible de prévoir dans le présent Contrat toutes les éventualités qui pourraient survenir pendant la durée de son exécution et elles reconnaissent ici que c'est bien leur intention que le Contrat les régitte équitablement, sans léser les intérêts de l'une ou l'autre et que si

pendant la durée d'exécution du présent Contrat l'une d'entre elle estime que les dispositions du Contrat ne la régissent pas équitablement, les Parties feront de leur mieux pour s'entendre sur les mesures destinées à faire disparaître l'origine de ce déséquilibre mais l'absence d'un tel accord ne donnera pas naissance à un différend au sens de la Clause 8 ci-après.

8. REGLEMENT DES DIFFERENDS

8.1 Règlement amiable

Les Parties feront de leur mieux pour régler à l'amiable les différends qui pourraient surgir de l'exécution du présent Contrat ou de son interprétation.

8.2 Droit à arbitrage

Tout différend qui pourrait s'élever entre les Parties en raison des dispositions contractuelles et qui ne peut être réglé à l'amiable dans les trente (30) jours suivant la réception par l'une des Parties de la demande par l'autre Partie d'un règlement amiable doit être soumis à arbitrage par l'une ou l'autre des Parties conformément des dispositions des Clauses 8.3 à 8.7 ci-après.

8.3 Choix des arbitres

Chacun des différends soumis à arbitrage par une Partie devra être entendu par un arbitre unique ou par un groupe de trois (3) arbitres conformément aux dispositions suivantes:

- (a) Lorsque les Parties reconnaissent que le différend est d'une nature technique, elles peuvent s'entendre pour désigner un arbitre unique ou, à défaut d'accord, sur le choix de cet arbitre unique dans les trente (30) jours suivant réception par l'autre Partie d'une proposition de nomination effectuée par la Partie qui a engagé la procédure, chacune des Parties pourra demander à _____

[Note: indiquer une institution professionnelle internationale appropriée, par exemple, la Fédération Internationale des Ingénieurs-Conseil (FIDIC) à Lausanne, Suisse] une liste d'au moins cinq (5) noms. Au vu de cette liste chacune des Parties soustraira à son tour un nom de cette liste et le dernier nom subsistant sur la liste sera celui de l'arbitre unique chargé du règlement du différend. Si la sélection finale de l'arbitre n'a pas été atteinte dans les soixante (60) jours suivant la réception de cette liste, _____

[Note: faire figurer le nom de la même institution professionnelle que précédemment]

nommera sur demande de l'une ou l'autre des Parties et à partir de cette même liste ou bien d'une autre, l'arbitre unique chargé du règlement du différend.

- (b) Lorsque les Parties ne reconnaissent pas que le différend est d'une nature technique, le Client et les Consultants désigneront chacun un arbitre et ces deux arbitres en désigneront ensemble un troisième qui présidera l'arbitrage. Si les arbitres désignés par les Parties ne parviennent pas à s'entendre sur la nomination d'un troisième arbitre

dans les trente (30) jours suivant la nomination par les Parties des deux premiers arbitres, le troisième arbitre sera nommé à la demande de l'une ou l'autre des Parties par _____

[Note: indiquer ici l'autorité de nomination internationale qui convient, par exemple: le Secrétaire Générale de la Cour Permanente d'Arbitrage de La Haye, le Secrétaire Général du Centre international pour le règlement des différends relatifs aux investissements (CIRDI) de Washington ou la Chambre Internationale de Commerce de Paris, etc.]

- (c) Si, dans le cas d'un différend à caractère non technique, tel que soumis aux dispositions de la Clause 8.3(b), l'une des Parties ne désigne pas son arbitre dans les trente (30) jours suivant la désignation de son arbitre par l'autre Partie, cette dernière pourra demander à _____ *[Note: indiquer ici la même autorité de nomination que celle figurant à la Clause 8.3(b)]* de désigner un arbitre unique qui sera seul chargé du règlement du différend en question.

8.4 Règles de Procédure

En l'absence d'une disposition contraire, l'arbitrage se déroulera conformément aux règles de procédure d'arbitrage de la Commission des Nations Unies pour le droit commercial international (CNUDCI) en vigueur à la date du présent contrat.

8.5 Arbitres remplaçants

Si pour quelque raison que ce soit, un arbitre ne peut exercer ses fonctions, un remplaçant sera désigné de la même manière que lui.

8.6 Nationalité et Qualifications des Arbitres

L'arbitre unique ou le troisième arbitre désigné conformément aux dispositions des paragraphes (a) à (c) de la Clause 8.3 ci-dessus seront des experts légaux ou techniques reconnus par la communauté internationale et posséderont une expérience étendue dans le domaine du différend en question; ils seront d'une nationalité différente de celle du pays d'origine des Consultants

[Note: Si les Consultants sont constitués par plusieurs personnes morales, ajouter: ou du pays d'origine d'aucun de leurs Membres du groupement]; ils seront également d'une nationalité différente du pays d'origine du Gouvernement. Aux fins de la présente Clause "Pays d'origine" aura l'une des significations suivantes signifié l'un quelconque des pays suivants:

- (a) Le pays de la Société des Consultants et

[Note: Si les Consultants sont constitués par plusieurs personnes morales, ajouter:

ou d'un des Membres du groupement; ou bien

- (b) Le pays dans lequel le bureau principal des Consultants [ou d'un des Membres du groupement] est situé ou bien

- (c) Le pays dont sont ressortissants la majorité des actionnaires des Consultants [ou d'un des Membres du groupement]; ou bien

- (d) Le pays dont le Sous-Traitant concerné est ressortissant, lorsque le différend implique un contrat de sous-traitance.

8.7 Dispositions diverses

Dans le cas d'une procédure d'arbitrage réglée par les dispositions de la présente Clause:

- (a) A moins qu'il en ait été convenu autrement, la procédure se déroulera à _____;
- (b) Le _____ sera la langue officielle à toutes fins utiles;
- (c) La décision de l'arbitre unique ou de la majorité des arbitres (ou du troisième arbitre en l'absence d'une telle majorité) sera finale et aura force obligatoire, et aura force de jugement devant les tribunaux compétents, et les Parties excluent par la présente Clause toute objection ou toute réclamation fondée sur une immunité relative à l'exécution du jugement.

EN PRESENCE DE TEMOINS, les Parties ont signé le présent Contrat en leurs noms respectifs à la date figurant ci-dessus.

POUR ET DE LA PART [DU CLIENT]

par _____
Représentant autorisé

POUR ET DE LA PART [DES CONSULTANTS]

par _____
Représentant autorisé

[Note: Si les Consultants sont constitués par plusieurs personnes morales, chacune d'entre elles doit apparaître comme signataire de la façon suivante:]

**POUR ET DE LA PART DE CHACUN DES
MEMBRE DU GROUPEMENT DES CONSULTANTS**

[Membre du groupement]

par _____
Représentant autorisé

[Membre du groupement]

par _____
Représentant autorisé

etc.

MODELE DE LISTE D'ANNEXES

Devoirs et Responsabilités des Consultants

- A Description des services -
 - Description détaillée des services à fournir; dates d'achèvement des différentes tâches; lieu d'exécution pour les différentes tâches; tâches spécifiques devant être approuvées par le Client, etc.
- B. - Conditions requises pour les rapports
Format, fréquence et contenu des rapports; personnes désignées pour les recevoir; dates de soumission; etc.

Personnel des Consultants

- C.1 Titres [et noms, si ceux-ci sont déjà connus], description détaillée des services et qualifications minimales du Personnel étranger appelé à travailler dans le pays du Gouvernement, et homme-mois dans chaque cas.
- C.2 De même que pour C-1 pour le Personnel appelé à travailler en dehors du pays du Gouvernement.
- C.3 Liste des sous-traitants approuvés [s'ils sont déjà connus]; même information qu'en C-1 ou C-2.
- C.4 Même information qu'en C-1 pour le Personnel local.
- D. Modèle de certificat médical pour le Personnel étranger assigné dans le pays du Gouvernement.
- E. Heures de travail pour le Personnel étranger; durée de voyages en direction du pays du Gouvernement; le cas échéant, droit à paiement des heures supplémentaires, congé maladie, congé, etc.

Devoirs et Responsabilités du Client

- F. Services, installations et biens devant être mis à la disposition des Consultants par le Client.

Estimation des coûts

- G. Estimation des coûts en devises
 - 1. Taux mensuels pour le Personnel étranger assortis de l'estimation totale.
 - 2. Dépenses remboursables
 - a. Indemnité journalière (per diem)
 - b. Transport aérien pour le Personnel étranger

- c. Transport aérien pour les membres du groupement de leur familles
- d. Transport des biens personnels
- e. Communications internationales
- f. Reproduction des documents spécifiés aux les Annexes A et B
- g. Acquisition des équipements et matériels devant être importés par les Consultants et payés par le Client (y compris le transport en direction du pays du Gouvernement).
- h. Autres dépenses en devises étrangères, par exemple l'utilisation d'ordinateurs, formation à l'étranger du Personnel du Client, essais variés, etc.

H. Estimation des coûts en monnaie locale

- 1. Taux mensuels pour le Personnel local
 - 2. Autres dépenses remboursables
 - a. Per diem pour les frais de séjour pour le Personnel étranger à court terme, assorti de l'estimation totale
 - b. Indemnité de subsistance pour le Personnel étranger à long terme, assortie de l'estimation totale
 - c. Coût du transport local
 - d. Coûts des autres services locaux, loyers, charges etc.
- I. Formulaire de garantie bancaire pour les paiements d'avance.

Société :
Tâche
Pays :
Date :

FORMULAIRE I
[Voir la Clause 6.3 (b) (3)]

Déclarations des Consultants relatives à leurs coûts et charges

Par la présente nous confirmons que (a) les salaires de base indiqués ci-dessous sont extraits des relevés de feuilles de paie et reflètent le salaire actuel des membres du groupement du personnel figurant au Contrat, et que ces salaires n'ont pas été augmentés en dehors du cadre des augmentations de salaires conclues annuellement et applicables à l'ensemble du personnel de la société; (b) sont jointes les copies conformes des derniers relevés de salaires des membres du groupement du personnel figurant au Contrat; (c) les indemnités d'expatriation indiquées ci-dessous sont bien celles que les Consultants ont convenu de payer au titre de la mission présente aux membres du groupement du personnel figurant au Contrat; (d) les coefficients s'appliquant aux charges sociales et frais généraux tels qu'indiqués ci-dessous ont bien été établis sur la base du coût moyen encouru par la société au cours des trois dernières années ainsi qu'il figure sur les états financiers de la société (e) ces coefficients ne comprennent pas de bonus ou d'autre forme de participation aux profits.

Nom	Poste	Salaire de Base par Mois Ouvrable par Jour Ouvrable par Heure Ouvrable	Charges sociales (-% de 1)	Frais généraux (-% de 1)	Indemnités Expatriation (-% de 1)
_____ (Exprimé en [monnaie/devise])					

[Nom du Bureau d'Etudes]

Dressé par _____
Représentant autorisé

Nom: _____

Date: _____

[Note: Pour le personnel assigné sur le terrain, remplir le Salaire de Base par Mois Ouvrable; pour le personnel au siège, remplir également le Salaire de Base par jour ou par heure ouvrable. Pour le personnel assigné sur le terrain, remplir également l'indemnité d'expatriation, le cas échéant. Ce formulaire (et celui figurant à la page suivante) ne doit pas faire partie du Contrat signé, mais doit être séparément rempli et signé par les Consultants. Voir la Note relative à la Clause/6.3.(b)(3).]

**SOUS-DETAIL DES TAUX FIXES
CONVENUS DANS LE CONTRAT DE CONSULTANTS**

(se référer au cadre en Anglais)



Record Removal Notice

File Title Mining Sector Capacity Building and Environmental Management Project - Burkina Faso - Credit N029, Credit P784, Credit P911 - P000283 - 1994 - Craig Andrews - General Correspondence - Volume 1		Barcode No. 30220781		
Document Date 27-Dec-1994	Document Type Memorandum			
Correspondents / Participants To: CRAIG ANDREWS From: Celestin Bado, AF4BU				
Subject / Title Burkina: etude sectorielle.				
Exception(s) Deliberative Information Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date 09/20/2022</td></tr></table>	Withdrawn by Shiri Alon	Date 09/20/2022
Withdrawn by Shiri Alon	Date 09/20/2022			

ALL - IN - 1 NOTE

DATE: 28 Dec 94

TO: CELESTIN BADO

(CELESTIN BADO @A1@BURKNA)

FROM: Craig Andrews, IENIM

(CRAIG ANDREWS)

EXT.: 34275

SUBJECT: French Company and Sector Study

Celestin:

I have never heard of this French company and could not make a determination as to their suitability to be included on the shortlist until I see some references. I have contacted their Paris office for more information and will get back to you as soon as I have some information. The policy dialogue component is the most essential part of the PPF since the conditionalities of the loan will be contingent on this policy statement. For this reason, I wish to ensure that the Burkinabe have the best advice possible, from firms that have experience in mining policy matters. Our experience in other countries indicates that there are few such firms - most have engineering or geology backgrounds and not enough experience in legal, tax, and institutional issues. Also, the normal maximum number of firms to be included on a shortlist is 6 which would mean this French company would have to take the place of another firm. I would suggest that we delay sending out terms of reference until we get this cleared up.

Best wishes to you, Albert, and all of the Ouaga staff for a safe, happy, and prosperous new year.

Best regards,

Craig

CC: ALBERT OSEI

(ALBERT OSEI @A1@BURKNA)

Barlema
Foso

Pls file by
date.

M. ZANGA Boubacar
BP 1801
OUAGADOUGOU
Tél: 33 32 99
Fax: 30 34 71

Ouagadougou, le 19 Décembre 1994

Mr. VAN DER VEEN
The World Bank
1818 H Street N.W.
Washington DC 204333
USA

OBJET: Etude de base sur l'exploitation minière artisanale
_____ au Burkina Faso/Proposition de services de Consultant

Monsieur,

Après avoir pris connaissance lors du passage de M. Barry à Ouagadougou des termes de référence du Projet d'étude sur l'exploitation minière artisanale au Burkina Faso, j'ai l'honneur de vous faire une proposition de services de Consultant.

S'agissant d'étudier la structure et l'organisation de l'exploitation minière artisanale au Burkina Faso, les circuits de commercialisation et les effets sur l'environnement, l'équipe prévue pour ce faire comprendra, un spécialiste minier responsable du Projet d'étude, une sociologue, un spécialiste de l'environnement et des enquêteurs.

Je vous fais tenir ci-joint:
-le commentaire sur les termes de références
-la démarche et le calendrier de travail
-les coûts et les modalités de paiement
-les curriculum vitae des experts

Je vous remercie de l'attention toute particulière que vous voudrez bien porter à cette proposition technique et financière.

Dans l'attente de votre réaction, je vous prie d'agréer, Monsieur, l'assurance de mes salutations distinguées.

Boubacar Zanga

CC: Mr BARRY
Mr ANDREWS

ETUDE DE BASE SUR L'EXPLOITATION MINIERE ARTISANALE

AU BURKINA FASA

Commentaires sur les Termes de Références

Le secteur d'exploitation minière artisanale occupe une place de choix dans l'économie du Burkina Faso. Près de 200 sites d'orpaillage sont en activité sur lesquels travaille une population estimée à plus de 100 000 personnes (hommes, femmes et enfants) à temps partiel ou à temps plein. C'est une activité fortement créatrice d'emplois en milieu rural, une source de revenus pour les hommes et les femmes, et un facteur important de réduction de l'exode rural.

La quantité d'or artisanal achetée en 1993 par l'organisme d'Etat, le Comptoir Burkinabé des Métaux Précieux (CBPM) ayant le monopole de l'exploitation de l'or, est estimée à une (1) tonne. Cette quantité pourrait ne pas refléter la réalité de la production artisanale de l'or dans le Pays.

Les termes de références font une description assez fournie et cohérente du secteur de l'exploitation minière artisanale avec notamment un aperçu sur les différents aspects: structurel, organisationnel, socio-économique, commercial et environnemental.

Le questionnaire annexé à cette description nous semble très riche et permettra de faire une investigation pragmatique mais approfondie sur quatre (4) plans:

- identification des nuisances causées à l'environnement (dégradation des sols, coupe abusive du bois, pollution) et proposition d'actions visant à la protection et à la sauvegarde de l'environnement,

- analyse de la mobilité du travail des exploitants miniers, les problèmes de santé et d'insécurité dans les zones d'orpaillage,

- étude du réseau socio-économique traditionnel des orpailleurs: il s'agit d'aboutir à une identification des actions de sensibilisation et de responsabilisation en vue de stabiliser les orpailleurs et d'envisager des possibilités d'appui à leurs activités.

- analyse de la commercialisation de l'or qui permettra de comprendre les circuits formels et informels du marché de l'or et de trouver des réponses aux causes de la spéculation sur l'or du Burkina dans les pays voisins, notamment au Togo et en Côte d'Ivoire; il sera en outre utile d'apprécier l'impact du monopole d'Etat sur l'exportation de l'or concédé au CBMP.

Les termes de références me paraissent suffisamment complets pour offrir un instrument cohérent d'analyse de la situation de l'exploitation minière artisanale au Burkina Faso.

Somme toute, les conclusions que l'on pourrait tirer à partir de cette étude seraient d'un apport appréciable pour la définition d'une stratégie de gestion de l'exploitation minière dans un environnement sain.

ETUDE DE BASE SUR L'EXPLOITATION MINIERE ARTISANALE
AU BURKINA FASO

Proposition technique et financière

1-Démarche et durée de l'étude:

L'étude se déroulera en trois(3) étapes:

1ère étape: 15 jours

Prospection des sites - échantillonnage - élaboration
méthodologique - organisation des enquêtes

2ème étape: 15 jours

Enquêtes sur le terrain

3ème étape: 10 jours

Rédaction du Rapport

Durée totale: 40 jours

L'étude pourra se dérouler dans la période du 15 janvier au
15 Mars 1995.

N.B.:

-le questionnaire et le rapport à dresser s'inspireront de
l'Appendice A amendé des termes de références

-l'agencement du rapport se conformera à l'annexe B des
termes de références

2-Ressources humaines:

1 Géologue minier, Chef de mission.....35 jours

1 Sociologue.....40 jours

1 Spécialiste de l'environnement.....40 jours

3 Enquêteurs.....15 jours

3-Coûts:

3.1 Honoraires des Consultants:

*Chef de mission: 35h/j x 85 000 F	= 2 975 000 F
*Sociologue: 40h/j x 70 000 F	= 2 800 000 F
*Spéc.Environnement:40h/j x 70 000 F	= 2 800 000 F
sous-total:	= 8 575 000 F

3.2 Frais Enquêteurs(pendant 15 jours):

20 000 F x 3 x 15	= 900 000 F
sous-total:	= 900 000 F

3-3 Frais de déplacement

*transport:location de voiture 15 jours 15 x 45 000F/j	= 675 000 F
*carburant: 2500 km 375 l x 312 F/l	= 120 000 F
*frais de mission(per diem Consultants) 15 000 x 3 x 15	= 675 000 F
*frais de mission à l'extérieur	
Lomé/Abidjan billet d'avion	= 130 000 F
per diem: 50 000 F x 7	= 350 000 F
Washington billet d'avion	= 700 000 F
per diem: 90 000 F x 6	= 540 000 F
sous-total:	= 3 190 000 F

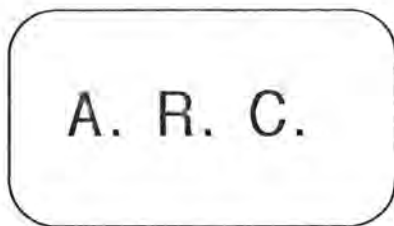
3.4 Frais administratifs

saisie, reprographie, expédition, communication...(forfait)	= 300 000 F
sous-total:	= 300 000 F

COUT TOTAL: =12 965 000 F

4-Modalités de paiement:

-Avance de démarrage:	30%
-Remise du rapport provisoire:	50%
-Acceptation définitive du rapport:	20%



Appui
Recherche-Action
Conseils

Adresse : 01 BP 6574 OUAGADOUGOU Burkina Faso
----- Tél: (226) 34 51 01 Fax : (226) 34 51 01/ 30 34 71
Secteur 17 (Pissy)

A. R. C. est un groupe de professionnels africains associés au sein d'une structure autonome pour mettre en commun leurs compétences et leurs options.

NOS PRESTATIONS

- * études socio-économiques, sociologiques, agro-écologiques
- * évaluation de programmes, études d'impact
- * montage de programmes d'appui à des entreprises locales
- * animation d'ateliers de réflexion stratégique ou d'auto-évaluation
- * appui à des collectivités et organisations locales pour l'identification et la formulation de leurs capacités internes et de leurs besoins d'appui

QUI SONT NOS CLIENTS

- . les organismes locaux, régionaux ou nationaux de développement
- . les organismes non gouvernementaux de développement
- . les agences de Coopération bilatérale ou multilatérale
- . les services publics
- . les collectivités locales et organisations locales

DANS QUELS PAYS TRAVAILLONS-NOUS ?

- . au Burkina Faso
- . dans les Pays du Sahel en priorité
- . dans tous les autres pays africains, en association avec d'autres groupes d'études si besoin

NOS RESSOURCES HUMAINES

- * Une équipe de base permanente, multidisciplinaire composée de quatre experts :
 - deux sociologues
 - un économiste
 - un ingénieur forestier
- * Un réseau de consultants de profil très variés, africains et non africains, indépendants mobilisables à court terme selon les besoins.

- NOS REFERENCES DEPUIS SEPTEMBRE 1993

- * Environnement et Développement durable à l'Est du Burkina Faso : rapport pré-étude volet 2 - Décembre 1993 (client : INTERCOOPERATION - Bern)
- * Réflexion stratégique sur le désengagement du Projet agro-forestier au Yatenga - Octobre 93 à Mai 94 (client : OXFAM).
- * Evaluation prospective des actions de coopération en faveur du groupement des huit villages de VOAGA - Février 1994 (client : Jumelage-Coopération Saint-Fons France).

- * Etude sur les besoins en crédits des artisans et les capacités de financement des coopec et de l'URCP - Jan/Fév 1994
(client : Bureau de coordination de la Coopération Suisse au Burkina Faso)
- * Bilan interne du Programme de Développement Rural du Ganzourgou
Février 1994 (client : P D R G)
- * Etude-diagnostic du mouvement paysan au Burkina Faso Mars/Avril 1994
(client : Association Internationale SIX-S).
- * Appui stratégique à la Commission Nationale de Décentralisation
(Burkina Faso) pour l'élaboration et la mise en oeuvre de son plan d'action
1994.
- * Evaluation du CEAS/Burkina : réalisée conjointement avec AE Echanges SA
35, rue de l'industrie CH-1030- Juin 1994 (client : DDA-Bern).



Record Removal Notice

File Title Mining Sector Capacity Building and Environmental Management Project - Burkina Faso - Credit N029, Credit P784, Credit P911 - P000283 - 1994 - Craig Andrews - General Correspondence - Volume 1		Barcode No. 30220781		
Document Date [undated]	Document Type CV / Résumé			
Correspondents / Participants				
Subject / Title CURRICULUM VITAE - Boubacar ZANGA; Josephine GUISSOU; S. Vincent KABORE.				
Exception(s) Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date 09/20/2022</td></tr></table>	Withdrawn by Shiri Alon	Date 09/20/2022
Withdrawn by Shiri Alon	Date 09/20/2022			

FACSIMILE TRANSMISSION

**INTERNATIONAL
MINING
CONSULTANTS
LIMITED****Geological and
Mining Consultants**60 Worship Street
London
EC2A 2HDTelephone 071 377 0913
Fax 071 247 5943

To: THE WORLD BANK, IENIM.....
Attention: CRAIG ANDREWS.....
Fax No: 010 1 202 477 6619.....

From: JOHN COLE BAKER.....

Date: 5TH DECEMBER 1994.....

No of Pages: TWO.....

Job No: 5104/3.....

Dear Mr Andrews,

Re: Mali

Please find attached a copy of a fax sent to Monsieur le Ministre des Mines,
de L'Energie et de L'Hydraulique, which was sent today.

Yours sincerely,

Samantha Debnar
Secretary, London Office

for John Cole-Baker

**INTERNATIONAL
MINING
CONSULTANTS
LIMITED****Geological and
Mining Consultants**60 Worship Street
London
EC2A 2HD
EnglandTelephone 071 377 0913
Fax 071 247 5943
Telex 37419 MINCON G**FACSIMILE TRANSMISSION**

To: Monsieur le Ministre des Mines, de L'Energie et de l'Hydraulique
Fax No: 010 223 22 91 11
From: John Cole-Baker
Date: 5th December 1994
No of Pages: One
Job No: 5104.3

Monsieur le Ministre

Nous vous remercions de votre lettre no. 1248 du 7 novembre 1994 que vous nous avez adressée suite à notre entretien dans vos bureaux le 1er novembre.

Nous sommes très conscients de votre souci concernant la connaissance exacte des réserves du gisement de Kalana et votre souhait d'obtenir la valeur optimale du bien privatisé. Nous avons la ferme intention de répondre au mieux, à partir des données disponibles, à tous les points des termes de référence et de respecter notre engagement. A ce fin nous avons utilisé à leur juste valeur les résultats obtenus par la SONAREM et la SOGEMORK. Cependant, il n'est pas de notre ressort d'élaborer pour le gisement un autre modèle géologique et à partir de là d'établir un autre calcul des réserves: ceci, serait d'ailleurs impossible étant donné que les forages réalisés n'ont été que partiellement analysés et que toutes les carottes ont été abandonnées.

Notre rapport technique comprendra l'audit des réserves, la mise à jour de celles-ci suite aux travaux d'exploitation, une projection pour l'exploitation d'une future mine ainsi que le cash flow lui correspondant et finalement une proposition pour un programme d'étude préliminaire à la reprise de l'exploitation.

Veuillez agréer, Monsieur le Ministre, l'expression de mes sentiments respectueux,

John Cole-BakerRegistered in England
Number 430855

*File -
Barbina*

THE WORLD BANK GROUP
Headquarters: Washington, D.C. 20433 U.S.A.
Tel. No. (202) 477-1234 • Fax (202) 477-6391 • Telex No. RCA 248423

FACSIMILE COVER SHEET AND MESSAGE

DATE: December 3, 1994

NO. OF PAGES: 1
(including cover sheet)

MESSAGE NO.: 1

TO: Mohamed Souley
Title: Ministre du Commerce et de l'Industrie
Organization: Ministere du Commerce et de l'Industrie
City/Country: Ouagadougou, Burkina Faso

DESTINATION FAX NO.: 226 30 19 88

FROM: C.B. Andrews
Title: Mining Specialist
Dept/Div: IENIM
Room No.: G 2057

DIVISIONAL FAX NO.: (202) 202 477 6619
Dept./Div. No.: 613-10
Telephone: (202) 202 473 4275

SUBJECT: Mission a Ouagadougou

MESSAGE:

Monsieur le Ministre:

J'ai l'honneur de vous annoncer que je serai en mission a Ouaga du 11 au 16 decembre. Les termes de reference de cette mission vous ont ete deja communiquees par la mission residante. Les objectifs principaux sont:

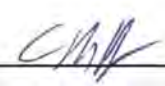
- de faire suite a la demande du gouvernement d'un PPF et, en particulier, en ce qui concerne la programmation des activites, la coordination du PPF, le montant demande, et les procedures de la Banque en matiere de recrutement des consultants et du personnel, etc.;
- de programmer les activites de preparation du projet pour les prochaines six mois, etant donne que l'evaluation definitive de ce projet est prevue en juin, 1995;
- de discuter les differentes etapes et conditionalites a realiser.

En attendant de vous voir de nouveau, veuillez agreer, Monsieur le Ministre, l'expression de ma haute consideration.

C.B. Andrews
Specialiste Minier



Transmission authorized by: cba



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WB IENIM

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FACSIMILE COVER SHEET AND MESSAGE

DATE: December 3, 1994

NO. OF PAGES: 1
(including cover sheet)

MESSAGE NO.: 1

TO: Mohamed Souley
Title: Ministre du Commerce et de l'Industrie
Organization: Ministere du Commerce et de l'Industrie
City/Country: Ouagadougou, Burkina Faso

DESTINATION FAX NO.: 226 30 19 88

FROM: C.B. Andrews
Title: Mining Specialist
Dept/Div: IENIM
Room No.: G 2057

DIVISIONAL FAX NO.: (202) 202 477 6619
Dept./Div. No.: 613-10

Telephone: (202) 202 473 4275

SUBJECT: Mission a Ouagadougou

MESSAGE:

THE WORLD BANK/IFC/M.I.G.A.

Headquarters: Washington, D.C. 20433 U.S.A.

Tel. No. (202) 477-1234 // Fax Tel. No. (202) 477-6391 // Telex No. RCA 248423

FACSIMILE COVER SHEET AND MESSAGE

Burkina Faso

DATE: November 17, 1994

NO. OF PAGES: 1
(including this sheet)

MESSAGE NUMBER: \

TO

Name: Attn: Mr. Alber Osei
Organization: Field Office, Burkina Faso

Fax Tel. No. 226 30 86 49
City: Ouagadougou
Country: Burkina Faso

FROM

Name: Craig Andrews
Dept./Div. Industry and Mining
Room No. G-2-035

Fax Tel. No. 202 477 6619
Dept/Div No. 613-10

SUBJECT: Artisanal mining mission

MESSAGE:

Albert,

Could you please deliver this to the addressee? Many thanks.

Craig

Transmission authorized by: \

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The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

Washington, le 17 Novembre 1994

S. E. Monsieur le Ministre de l'Industrie
du Commerce et des Mines

Ouagadougou

Objet: Mission d'étude sur l'activité minière artisanale

Monsieur le Ministre,

Comme suite aux entretiens que nous avons eus sur les problèmes liés au sous-secteur de l'exploitation minière artisanale au Burkina Faso, la Division Industrie et Mines a entamé, sous financement interne, une étude stratégique de l'activité minière artisanale en Afrique. Cette étude nous permettra de mieux cerner les potentialités et les contraintes du sous-secteur artisanal et de concevoir une stratégie pour un développement viable de cette activité.

A cette fin, Monsieur Mamadou Barry, chargé de l'étude à la Division Mines, se rendra en mission au Burkina Faso du 5 Décembre au 12 Décembre 1994 pour recueillir des informations, organiser des enquêtes et mener des études diagnostiques de l'activité minière artisanale. Nous vous saurions gré de bien vouloir assister Monsieur Barry à organiser des entretiens avec les responsables de l'exploitation artisanale au sein du gouvernement, les associations professionnelles, les opérateurs privés, ainsi que les organisations non-gouvernementales opérant dans le sous-secteur. Dans le cadre de cette mission, Monsieur Barry visitera un ou deux sites d'exploitation pour s'imprégner de la réalité sur le terrain et pour superviser un équipe de cameramen dans le cadre du tournage de la vidéo que nous préparons actuellement sur le sujet *Exploitation Minière et Développement Economique*. A cet effet, Monsieur Barry aura besoin de votre assistance pour obtenir un véhicule, un chauffeur et un homologue pour se rendre dans les sites d'exploitation. Les frais de carburant et les indemnités de déplacement pour le chauffeur et l'homologue seront, bien sûr, à notre charge.

Tout en vous remerciant d'avance de votre disponibilité à assister Monsieur Barry, je vous prie de croire, Monsieur le Ministre, à l'assurance de ma haute considération.



Craig Andrews
Spécialiste Minier
Division Industrie et Mines

cc: M. Albert Osei, Représentant Résident, AF5BU
Mme Mary Oakes Smith, Chef AF4IE
M. Peter van der Veen, Chef IENIM

WB IENIM

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FACSIMILE COVER SHEET AND MESSAGE

DATE: November 17, 1994

NO. OF PAGES: 1
(including this sheet)

MESSAGE NUMBER: \

TO

Name: Attn: Mr. Alber Osei
Organization: Field Office, Burkina FasoFax Tel. No. 226 30 86 49
City: Ouagadougou
Country: Burkina Faso

FROM

Name: Craig Andrews
Dept./Div. Industry and Mining
Room No. G-2-035Fax Tel. No. 202 477 6619
Dept/Div No. 613-10

SUBJECT: Artisanal mining mission

MESSAGE:

Albert,

Could you please deliver this to the addressee? Many thanks.

Burkina Faso
Dec 94

14 Dec 94

Burkina

Personnel	54	66	31
Funct	56	59	23
Vehicule	62	51	
Equip Bur	64	46	

14 Dec 94

Babacar Zanga

⇒ 23. 01. 25 direct line minister's Poli
audit
mid-term review

200
22
7,400
3
12,400

15 dec 94
BF

Aide Mensio →

- 1) note rapide — procedures
- 2) aide pour exonerations
- 3)

10-14 regroupe →

- TVA exoneration — destinée à l'exploitation
- BIC de 45 — à 35%
- IRUM de 25 à 12.5%

4) Contrepartie — Bureau — personnel.

⇒ 5) Video — projection → télévision

6) Projet → cartes, notes, etc. →
Mise en place de banque de données.

évaluation du projet.

17 Dec 94

Mali - HT

Abille - Banque approuve notre au son?
vehicules.

Trouvay → fin decembre. Derenoge 1 Jan.

Audit - en cours.

Kolona Visit + Expression of interest
- Concessions

Asanti Goldfields - Ghana

Golden Shamrock - Australia

West Africa Min Co (Whiffle) - USA South

JCI - SA

Plover Dome - Canada

BurnEX - Canada

Gencor - SA

Angloated Goldfields - Swiss

Int'l Gold Resources - Ghana

Loc Minerals - Canada

Consolidated Min Corp Ltd - SA

Tanaka Resources - Australia

Kopper - Canada

Unicorn - Zimbabwe

Imperial Metals Corp - Canada

Westgold - Australia

Yed Esoué Angoran
14/08/94

17 BP 57
Abdjan 17 - CI
fax : 225 43 30 22

Southern Property Holdings - SA
Trelton - Canada
Transafrica - Aust
Federation Resources - Aust
Sonax - UK

NSR

Defet soumissions - 25 Janvier 95

Commission de Depotissement - Comite de Privatisation
Membres
Tambodo - Com. Tech. - Min. Fin
Mong Uare - Min. Mines
Yaya Boukaly - Ent. Publique
Hilaion - PATSA

Charge de recevoir et analyser des offres faites
par les soumissionnaires. Arrêté - décision no. 94-00140
Offre technique 60 points
Offre financière 40 points

Barbina Copy

VDvech

C Anderson

P. De Sa

SYSMIN
and
MINING DEVELOPMENT

COOPERATION IN THE MINING SECTOR
BETWEEN
THE EUROPEAN UNION
AND
THE ACP STATES

November 1994

Commission of the European Communities
Directorate General for Development
Unit VIII/B/5

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Annex: List of EU and ACP countries

* * *

I. FRAMEWORK AND FUNDING SOURCES

Legal framework

Assistance for the mining sector in the African, Caribbean and Pacific (ACP) countries is available under the Lomé Conventions. These are multilateral treaties, signed by the Member States of the European Union (EU) and the ACP States. They are the legal basis for a wide-ranging cooperative relationship which includes preferential trade terms for ACP products and significant levels of technical and financial help. The current Convention, Lomé IV, covers the ten-year period from 1990 to 2000 (see the annex for the full list of EU and ACP countries).

Institutional framework

On the EU side, the key institutions responsible for operating the system are:

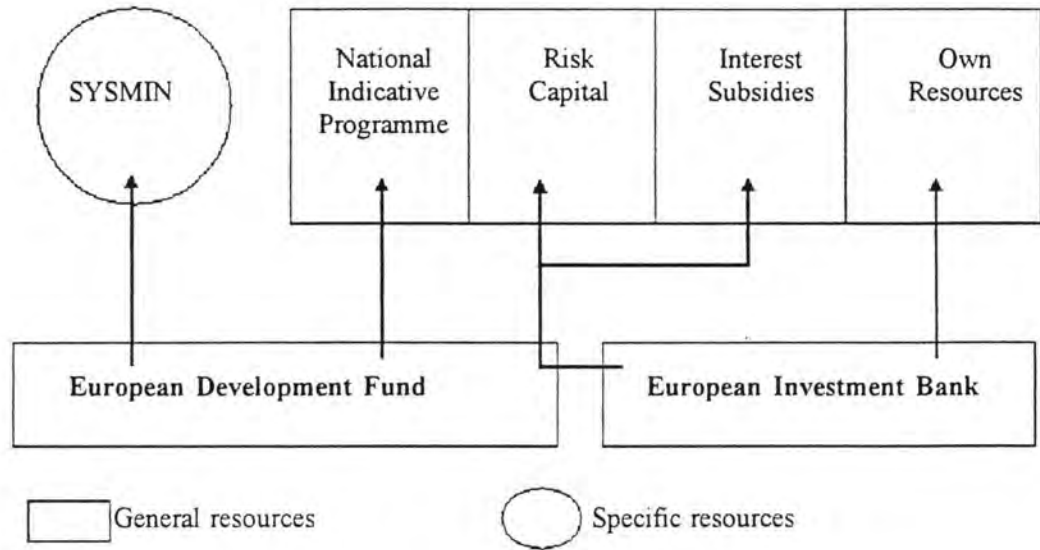
- **The European Commission (CEC)**, which is the Union's executive body. The Commission's tasks include the management of grants made available to ACP countries for development projects.
- **The European Investment Bank (EIB)**, which is the Union's lending institution. The bank supports the EU's cooperation policy by providing loans for investment in ACP countries.

Funding Sources

European Development Fund (EDF) financing is provided through four separate channels:

- a) **SYSMIN**: This is a facility specifically designed to provide financial support in the form of grants to ACP countries encountering difficulties in their mining sector.
- b) **National Indicative Programmes (NIPs)**: At the beginning of a new Convention, each ACP country is allocated a fixed amount of EDF funds. The country establishes a 5-year programme for the use of these funds, which may include provision for mining development. (Finance is also available for projects with a regional dimension).
- c) **Risk capital resources**: These are made available in the form of preferential loans or equity participation.
- d) **Interest subsidies**: Funds used to subsidise loans granted at a preferential rate.

The Lomé Convention also makes "**own resources**" funds available to the EIB outside the EDF. These are to provide loan finance for national and regional projects in the ACPs.



THE MINING SECTOR

FROM LOMÉ II TO LOMÉ IV

The mining sector has long been important to many ACP states. It is a major source of foreign exchange, generating more than 33% of total non-oil exports from sub-Saharan Africa. It is also a large employer and a significant contributor to inland revenue. Mining is therefore essential to the economic development of these countries which account, for a significant part of European Union (EU) mineral imports. The period of economic boom, up to the mid 1970's, sustained by high commodity prices, led to overinvestment in some mining sectors. As a result, in the recessionary environment which has prevailed since, the viability of the industry has been seriously threatened, obliging certain ACP countries and enterprises to make a considerable effort to safeguard their production capacities and profitability. Indeed, the weakening of these countries' financial structure, i.e. unfavourable debt/equity ratios, which multiply the cost of borrowed funds, added to the problem of depressed commodity prices, was identified during the mid 80's as an area where EC support could have an immediate and practical impact.

At the same time, the member states of the EC were concerned about price fluctuations and the security of mineral supplies. To help meet the challenges facing the sector in the ACPs, a specific instrument (SYSMIN) was developed and mining development was identified as a key area for support under the general programmes established by the Lomé Conventions.

Under Lomé II (1980-85), - which marked the advent of support mechanisms for the ACP mining sector -, SYSMIN was designed as an instrument to support the production base of eight major minerals (Copper, Cobalt, Phosphates, Manganese, Bauxite, Alumina, Tin and Iron ore). In addition, the Convention provided for technical assistance activities in the areas of geology and mining, and financial assistance for research and pre-investment. Funds allocated to SYSMIN under Lomé II were 282 million Ecu.

Differing from other funding agencies who were planning to reduce their commitments to the mining sector, the EC agreed, under the third Lomé Convention (1985-90), to confirm and set out in detail the guidelines applicable to ACP-EC cooperation in the sphere of mining development in the ACP states. Under Lomé III, substantial financial resources in the form of loans were earmarked for the mining sector for which SYSMIN was allocated 415 million ECU to provide funds on very soft terms (1% interest rate over 40 years with a 10-year grace period). These resources could be applied to each of the phases leading to the processing of ore, namely prospection, technical and economic appraisal work, and mining investment.

With Lomé IV (1990-2000), EU support to the ACP economies was significantly increased. SYSMIN, whose allocation rose to 480 million ECU for 1990-95, has been extended to two more minerals (uranium and gold) and aid - now in the form of grants - may also be directed to diversification projects outside the mining sector.

II. SYSMIN¹⁾

Objectives

The aim of SYSMIN is to establish a firmer and broader economic base for the development of the ACP States concerned:

- either by providing safeguards for their mining production and export sectors;
- or by action to diversify and widen the bases of their economic growth.

Conditions for eligibility

- Countries. All ACP countries are eligible for SYSMIN aid provided they fulfil the criteria set out below.
- Commodities. SYSMIN applies to all mining products with the exception of oil, gas and precious minerals apart from gold.
- Macro-economic conditions. Two macro-economic conditions must be met:
 - a) The ACP State concerned must be an exporter of mining products to the EU;
 - b) Mining must constitute an important sector in the national economy. Its importance can be assessed by measuring either:
 - ... the share of export earnings accounted for by one of eight particularly important products: copper (including cobalt), phosphates, manganese, bauxite/alumina, tin, iron ore, (whether or not in agglomerate form), and uranium, or;
 - ... the share of export earnings accounted for by all mining products covered.

This measurement is made by calculating the export ratio of one (or, in the second case, all) of these products to total national exports (minus exports of products not covered).

The mining sector is considered to occupy an important place in the national economy if one of these two ratios attains a minimum threshold value in at least two of the four years preceding that in which SYSMIN aid is requested. The threshold values are: 15% for the ratio measuring the share of one of the listed products; 20% for the ratio measuring the share of all the mining products covered by the system. These threshold values are 10% and 12% respectively for the least-developed, landlocked or island ACP States.
- Trigger mechanism. If the two macro-economic conditions a) and b) above are fulfilled, recourse to the Sysmin financing facility becomes possible in either of the following two situations:
 - ... where temporary or unforeseeable difficulties create a perceived or expected threat to the viability of a significant mining enterprise, leading to a significant fall in revenue for the ACP State concerned;
 - ... where a fall in the export earnings of one of the eight products, in relation to the average for the two years preceding the request, leads to a decline of at least 10% in total export revenue, threatening the completion of development projects or programmes already underway.

These situations must be due to technical, economic or political difficulties such as accidents, serious technical incidents, serious internal or external political events, major technological and economic changes or major changes in trade relations with the Union. Moreover, these difficulties must be beyond the control of the State or enterprise affected.

¹⁾ Lomé IV: Part Three, Title II, Chapter 3, Articles 214 to 219 and Title III, Chapter 2, Article 240.) (a)

Scope

If the conditions warranting recourse to the facility are satisfied, a project to be financed by SYSMIN is drawn up and evaluated on the basis of standard financing criteria.

SYSMIN aid takes the form of preventive or corrective action in support of ACP States and is aimed at the attainment of one of two objectives:

- to safeguard productive and export capacity where the maintenance or re-establishment of viability is possible. Here the aid is intended to finance projects or programmes designed to maintain or re-establish viability and measures to increase company competitiveness based on adaptation to technical change or market conditions.
- to achieve diversification in the broad sense (i.e. beyond the mining sector) where the maintenance or re-establishment of viability is not deemed possible. The aim of diversification may also be pursued if the economy is highly dependent on the mining product concerned, even where viability can be re-established.

Where SYSMIN is used in response to a fall in export revenue which threatens ongoing projects and programmes, it is directed to diversification outside the mining sector.

The assistance is tailored to the requirements created by the economic re-organization of the ACP State concerned and must take due account of economic interests in the European Union.

Decision and implementation procedures

The Commission receives applications forwarded to it by the ACP States and appraises them in accordance with the Sysmin provisions (this does not preclude informal preliminary contacts by interested parties).

Requests for SYSMIN aid are examined by the Commission in the light of:

- an application from an ACP State which must provide sufficient details of the problems encountered, the perceived or expected consequences of the disruption, counter-measures and the intended use of the aid. Requests must be submitted in the 12 months following identification of the afore-mentioned consequences, and;
- an analysis of the mining sector by an outside consultant financed from SYSMIN resources which provides an evaluation of the conditions for granting aid, possible consequences for Community competitors and the project to be financed.

The Commission takes a single decision on the eligibility of such applications and on the financing of projects or programmes deemed to qualify for SYSMIN funds, following an independent assessment and an examination by its staff of compliance with the eligibility criteria laid down in the Lomé Convention and the type of project or programme to be financed. At the same time, the Commission defines the financial terms and conditions attaching to the aid.

There are two possible outcomes:

- either the necessary conditions are not satisfied and the request is refused or;
- the necessary conditions are satisfied. The request is then the subject of a single Commission decision concerning both eligibility and the SYSMIN financing proposal. This decision is taken after consulting the EDF Committee which is made up of EU Member State representatives. It may be accompanied by special conditions laid down as a result of both the eligibility analysis and the project to be financed.

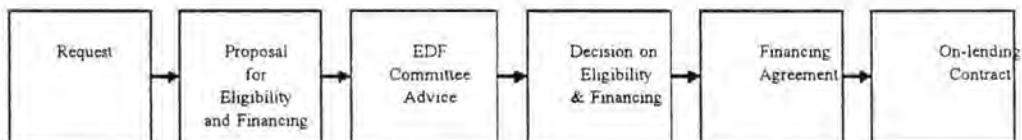
Technical assistance to help in compiling the project dossier and setting up and supervising the project may be financed from the facility.

The amount of aid is fixed by the Commission in the light of different factors linked to the availability of SYSMIN resources, the types of project to be implemented, co-financing possibilities and the relative importance of the mining sector for the economy of the ACP State concerned.

Whilst SYSMIN aid is provided to the ACP State in the form of subsidies, the economic and financial analysis of a project may result in the definition of different financial conditions for on-lending by an ACP State to the final beneficiary.

In exceptional circumstances arising out of an emergency, an advance may be granted in respect of a project on which a final financing decision has still to be taken.

The sequence of steps from request to financing contract is the following:



SYSMIN activities - 1980 - 1994

CONVENTION	COUNTRY	FUNDING (million ECU)	TYPE OF PROJECT
Lomé II (1980-85)	Zambia I	55	Rehabilitation of mining equipment
	Zambia II	28	Rehabilitation of mining equipment
	Zaire I	40	Rehabilitation of mining equipment
	Zaire II	41	Rehabilitation of mining equipment and of railway infrastructure
	Guyana	34.50	Procurement of spare parts and rehabilitation of mining equipment
	Jamaica	25	Diversification
	Liberia	3.50	Rehabilitation of mining operation
	Rwanda	2.84	Assistance to small-scale miners
Lomé III (1985-90)	Guinea (Conakry)	35	Modernisation of alumina plant and peripheral support action
	Papua-New Guinea	30	Diversification
	Senegal	25.50	Assistance to mineral processing
	Botswana	21.65	Assistance programme for the industrial mineral sector
	Mauritania	18	Rehabilitation of transport equipment
	Togo	15.70	R & D decadmiation and productivity improvement programme
	Niger	12.45	Exploration
Lomé IV (1990-2000, status at 1.11.94)	Zambia	60	Diversification
	Namibia	40	Support to mining sector
	Niger	31	Diversification
	Dominican Republic	23	Support to mining sector
	Gabon	14	Support to mining sector
	Burkina Faso	1	Support to mining sector

III. MINING DEVELOPMENT²

Objectives

As set out by Lomé IV, the objectives of financing provided under the Mining Development heading (as distinct from Sysmin) are to promote diversified economic development and to foster better integration of this and other sectors and their complementarity with the rest of the economy. Diversification is to be pursued both horizontally and vertically, and the competitiveness of ACP exports is to be improved.

Sources of funds

At the start of the application period of the Convention (i.e. March 1990 for Lomé IV), each ACP State is allocated jointly agreed resources from the European Development Fund (EDF) to be programmed over a five-year period in what is called a National Indicative Programme (NIP). The mining sector - as well as other sectors - may benefit from NIP resources, provided mining has been included in the Indicative Programme concerned.

Qualifying criteria

NIP funds may be used to finance the following activities:

1. General prospection

At the first stage of prospection, the work takes the form of a general assessment of the mineral potential of a given area, chiefly through the collation of existing geological data, photographic land surveys and analysis of the structures so identified. Should the results appear promising, there follows the second stage, of more systematic prospection aimed at pinpointing surface indications or anomalies by various means: airborne geophysical surveys, seismic studies (e.g. hydrocarbons), demarcation and stream sediments, analysis of outcrops, etc.

2. Local prospection

These surveys follow on from the first stage of prospection and should lead to the identification of "targets" (i.e. promising deposits) and give some indication of their mineral content. The work involves carrying out geological or surface studies followed by the compilation of detailed geological charts with geological sections and surveys. Also in some cases it may entail detailed geochemical soil analysis and sampling for the compilation of data on rock formations.

3. Detailed deposit studies

These cover selected targets, their purpose being to determine more precisely the existence of an ore body, to assess it and to decide how it may be exploited. These operations involve the following stages:

- a) *Exploration of a selected target.* The purpose of this operation is to determine the morphology of the target and produce a rough estimate of the reserves it contains and the mineral content. The work generally takes the form of topographical surveys, drilling, trench-cutting, etc.

The findings of these surveys indicate the probability of a deposit proving economically exploitable.

² Lomé IV: Part Two, Title VI (Articles 99 to 104)

- b) *Preliminary evaluation of the deposit.* At this stage, further work is carried out to establish more precisely the value of the deposit that has been identified, in terms both of volume and of mineral content, and where appropriate to give an early indication of the technical and economic factors that might influence its eventual exploitation. This information is usually intended to provide the basis for a pre-feasibility study.

The work normally involves a synthesis of the geological studies previously undertaken and further sampling work or, in the case of hydrocarbons, field delimitation and fault identification operations, plus in some cases more comprehensive sampling for analysis, trial refining and processing of the product under laboratory conditions.

The scope and preciseness of these studies often hinge upon appraisal of the findings of previous field reconnaissance work at the deposit and the degree of probability that the promoter attaches to the eventual exploitation of the deposit.

The financing of this kind of survey and/or the technical assistance necessary to undertake it may fall either to the Commission or to the EIB, depending on what conclusions are drawn from appraisal of the dossier. Close consideration is given not only to the surveys and their purpose but also to questions such as whether or not an operating entity exists (e.g. a mining syndicate), whether the Commission has financed the earlier survey stage and whether there is a case for the Bank to finance later stages of the study.

- . Financing available. NIP resources are made available exclusively in the form of grants.
- . Request procedure
 - .. Request by ACP State through the National Authorizing Officer (NAO) to the Commission
 - .. Joint appraisal of project by ACP State and the Commission
 - .. Financing proposal prepared by Commission in close collaboration with NAO, containing a tentative implementation schedule
 - .. Decision on financing proposal after opinion from the EDF Committee.

IV. European Investment Bank (EIB)

1. Purpose

The EIB may provide financing to productive investment projects in ACP countries in the framework of the Lomé Convention. Under Lomé IV (First Financial Protocol 1991-95), the Bank has up to 2025 million Ecu to invest in ACP countries, comprising 1200 million Ecu from its own resources and 825 million Ecu from risk capital.

2. Eligibility (Articles 230 and 236)

- Beneficiaries: all ACP States, institutions and companies in both the public and private sectors. Promoters of projects can approach the Bank direct, but conclusion of financing is subject to the formal consent of the host country's authorities (usually the Ministry of Finance).
- Investments:
 - a) physical investment: all productive projects in the mining sector (amongst other sectors), including new investment and/or extension of existing installations, for which feasibility studies have been completed.
 - b) feasibility studies: if pre-feasibility studies have been carried out with positive results, the Bank can finance feasibility studies to bring a project up to the stage of investment decision. Note that the Bank does not finance general surveys or pre-feasibility studies. It can finance feasibility studies, pilot plants, or drilling programmes to determine the size/mineral content of a field: normally the corporate structure will already be in place for the eventual implementation of the project (assuming favourable results of the study).

3. Lending policies

The EIB makes its own assessment of any financing request received. After appraising the project by Bank staff on the basis of its normal criteria (all projects must be evaluated as technically feasible and offering adequate financial and economic returns), the Bank's Board of Directors takes, where appropriate, the decision to provide financing.

4. Financing available

Risk capital (Article 234)

Risk capital finance, from European Development Fund resources managed by the Bank under mandate, may be used to strengthen the capital base of an enterprise and/or to provide loan finance, in the following forms:

- .. direct or indirect subscription of equity participation in enterprises (always a minority stake);
- .. quasi-capital in the form of subordinated loans (repayable after other debts);
- .. conditional loans, the servicing and repayment of which are linked to fulfilment of certain project-specific conditions (eg. production reaching certain levels).

Risk capital finance is long-term, denominated in Ecu, and does not require external guarantees. Depending on the features of the project concerned, foreign exchange risk can be carried or shared by the Bank (on behalf of the EU).

Loans from the Bank's own resources (Article 235)

Loans from the Bank's own resources are sourced from the proceeds of the Bank's own borrowing on the international capital markets, and are made in favour of projects or borrowers who can meet the Bank's statutory requirement for first class guarantees. These loans are non-rescheduable.

- Currency: Loans are disbursed in one or more currencies, taking into account availability on the capital markets and, as far as possible, the borrower's preferences.
- Interest rates: The Bank borrows on the finest terms in the capital markets, and is a non-profit making institution, so it can lend to its borrowers at very fine rates. In the case of ACP borrowers, the Bank's lending rates are reduced by a 4% interest subsidy, financed from the European Development Fund, such that the subsidised rate falls in the range 3% - 6% pa.
- Maturity: Long or medium term, depending on the cash flow profile of the project financed. Infrastructure can go up to 20 years, but industrial/mining projects are more typically for 10-15 years.
- Guarantees: First-class guarantees are required, which may be from the Government of the State concerned, or from other guarantors.

5. Lines of credit for small and medium-sized enterprises/projects ("SMEs")

For practical reasons, the Bank does not provide finance directly to borrowers where the amounts are below a certain size (around 2 million Ecu for investment projects). Rather, to ensure that SMEs can have access to EIB finance, the Bank opens lines of credit with local banks and financial institutions, which on-lend the funds in smaller amounts.

Such facilities are in place in nearly all the SADC countries.

6. Tendering requirements and procurement procedures

The Bank's general requirement is that, for projects financed by it, invitations to tender for the supply of goods and services should be competitive and on as wide a basis as possible. The appropriate procedures to be followed - eg. international competitive bidding (ICB) or international enquiry - are agreed between the Bank and the promoter of the project at an early stage.

7. Financial limits and cofinancing

As the Bank normally lends only up to 50% of project cost, its financing is frequently complemented by other sources of finance - eg. from other multilateral development institutions, export credit agencies and commercial banks - alongside financing provided by the project promoter itself.

8. EIB financing of ACP mining projects to date

Projects financed by the Bank to date under the successive Lomé Conventions, in the mining, metallurgical and construction materials sectors are summarised as follows:

	Lomé I	Lomé II	Lomé III	Lomé IV	Total
Number of projects	10	11	09	08	38
EIB financing - Million Ecu	86.2	144.5	125.0	92.7	448.4
Add: sub-projects on lines of credit (27) - Million Ecu					15.7
Total - Million Ecu					464.1

V. CO-FINANCING³

Framework

Lomé IV provides for the possibility of using Convention resources to co-finance projects that meeting certain criteria (large-scale, specific expertise required, eligible for concessionary and non-concessionary financing, possibility of breaking down into sub-projects, cost savings through diversification of financing, regional or inter-regional nature).

Application and decision procedures

Where a mining project qualifies for financing both under an NIP and/or SYSMIN, and from the EIB, an application is forwarded to each of the two institutions which examine it together. Decisions are taken in accordance with the procedures specific to each institution, which are, of course, coordinated. Financing provided in conjunction with the Indicative Programme is generally devoted to infrastructure, serving as a back-up for mining installations.

Participation by outside investors

Co-financing of mining projects can also be envisaged between EU institutions, other agencies and private financial institutions.

* * *

³ Lomé IV, Part Three, Title III (Article 251)

EUROPEAN UNION AND ACP COUNTRIES

SIGNATORIES TO THE FOURTH LOMÉ CONVENTION

European Union

Belgium	Germany	Italy	Portugal
Denmark	Greece	Luxembourg	Spain
France	Ireland	Netherlands	United Kingdom

Countries due to enter the EU on 1.1.1995:

Austria	Finland	Sweden
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ACP States

Angola	Gambia	St Kitts and Nevis
Antigua & Barbuda	Ghana	St Lucia
Bahamas	Grenada	St Vincent and the Grenadines
Barbados	Guinea	Sao Tome & Principe
Belize	Guinea Bissau	Senegal
Benin	Guyana	Seychelles
Botswana	Haiti	Sierra Leone
Burkina Faso	Jamaica	Solomon Islands
Burundi	Kenya	Somalia
Cameroon	Kiribati	Sudan
Cape Verde	Lesotho	Surinam
Central African Republic	Liberia	Swaziland
Chad	Madagascar	Tanzania
Comoros	Malawi	Togo
Congo	Mali	Tonga
Côte d'Ivoire	Mauritania	Trinidad & Tobago
Djibouti	Mauritius	Tuvalu
Dominica	Mozambique	Uganda
Dominican Republic	Namibia	Western Samoa
Equatorial Guinea	Niger	Vanuatu
Eritrea	Nigeria	Zaire
Ethiopia	Papua New Guinea	Zambia
Fiji	Rwanda	Zimbabwe
Gabon		

* * *



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR DEVELOPMENT

Management of Instruments
Mining cooperation and Sysmin

Brussels, December 1994
VIII/B/5/GB/mk D(94)

SYSMIN BROCHURE

The present notes are a pre-print version of a brochure proposed for publication during the first half of 1995.

If you would like to receive a copy of the brochure in due course, please complete the following form and return it to:

European Commission
Secretariat Unit VIII/B/5
200, rue de la Loi,
1049 Brussels,
BELGIUM.

NAME:

COMPANY:

ADDRESS:

TEL:

FAX:

LOME IV CONVENTION

Mining Development: Articles 99 - 104

**Mining products: special financing facility
(SYSMIN): Articles 214 - 219**

TITLE VI

Mining development

Article 99

The main objectives of mining development shall be to:

- exploit all types of mineral resources in a way which ensures the profitability of mining operations in both export and local markets, while also meeting environmental concerns, and
- enhance the potential of human resources, with a view to promoting and expediting diversified economic and social development.

The Contracting Parties stress their mutual dependence in the sector and agree to use in a co-ordinated fashion this Convention's various instruments in this field and also other Community instruments where appropriate.

Article 100

At the request of one or more ACP States, the Community shall carry out technical assistance or training activities to strengthen their scientific and technical capacity in the field of geology and mining in order that they may derive greater benefit from available know-how and direct their exploration and prospecting programmes accordingly.

Article 101

In order to facilitate the development of the mining resources of the ACP States concerned, having regard to national and external economic considerations and with a view to diversification, the Community shall co-operate as appropriate, through its technical and financial assistance programmes, with the ACP States in their prospecting and exploration efforts at all stages, both onshore and on the continental shelf as defined in international law.

Where appropriate, the Community shall also give its technical and financial assistance to the establishment of national or regional exploration funds in ACP States.

Article 102

With the aim of supporting efforts to exploit the ACP States' mining resources, the Community shall contribute towards the support of projects to rehabilitate, maintain, rationalize and modernize economically viable production units in order to make them more operational and more competitive.

It shall also contribute to the identification, drawing-up and implementation of new viable projects to an extent compatible with investment and management capacities as

well as market trends, taking particular account of the financing of feasibility and pre-investment studies.

Particular attention shall be accorded to:

- operations to enhance the role of small and medium-scale projects, so promoting local mining enterprises with particular emphasis on minerals for industry and agriculture, destined notably for the domestic or regional markets, and also new products, and
- operations to protect the environment.

Cooperation shall also support the efforts of the ACP States to:

- build up supporting infrastructure;
- take measures to ensure that mining development makes the greatest possible contribution to the producer countries' social and economic development, such measures including the optimal use of mining revenue and the integration of mining development into industrial development and into an appropriate policy of land-use planning;
- encourage European and ACP investment;
- promote regional cooperation.

Article 103

In order to contribute to the objectives set out above, the Community shall be prepared to give its technical and financial assistance to help with the exploitation of the ACP States' mining potential in accordance with the procedures peculiar to each of the instruments at its disposal and according to the provisions of this Convention.

In the sphere of research and investment preparatory to the launching of mining projects, the Community may give assistance in the form of risk capital, possibly in conjunction with contributions of capital from the ACP States concerned and other sources of financing, in accordance with the procedures laid down in Article 234. The resources referred to in these provisions may be supplemented, for projects of mutual interest, by:

- (a) other Community financial and technical resources;
- (b) action aimed at the mobilization of public and private capital, including co-financing.

Article 104

The Bank may, in accordance with its Statute, commit its own resources on a case-by-case basis beyond the amount fixed in the Financial Protocol in mining investment projects recognized by the ACP State concerned and by the Community as being of mutual interest.

CHAPTER 3

Mining products: special financing facility (SYSMIN)

Article 214

1. A special financing facility shall be set up for those ACP States whose mining sectors occupy an important place in their economies and are facing difficulties that are already perceived or foreseeable in the near future.

2. Its aims are to contribute towards establishing a more solid and wider basis for the development of the ACP States while supporting their efforts:

— to safeguard their mining production and export sectors by remedial or preventive action designed to alleviate the serious consequences for their economies of the loss of viability as a result of a decline in their production or export capacity and/or export earnings in the mining products sector following major technological or economic changes or temporary or unforeseeable disruptions beyond the control of the State concerned and of the enterprise managing the sector concerned. Particular attention shall be paid to adjusting the competitive situation of enterprises to changes in market conditions; or,

— for States heavily dependent on exports of one mining product, to diversify and broaden the bases of their economic growth, notably by helping them complete development projects and programmes under way where these are seriously jeopardized owing to substantial falls in export earnings from that product.

3. In pursuing these objectives, this support:

— will be adapted to the economic restructuring needs of the ACP State concerned;

— will take into account at the time of its formulation and implementation the mutual interests of the Contracting Parties.

Article 215

1. The special financing facility provided for in Article 214 shall be aimed at ACP States which export to the Community and which, during at least two of the four years preceding that of the request for aid, have derived either:

(a) 15% or more of their export earnings from one of the following products: copper (including cobalt), phosphates, manganese, bauxite and alumina, tin, iron ore, whether or not in agglomerate form, uranium; or

(b) 20% or more of their export earnings from all mining products (excluding precious minerals other than gold, oil and gas).

However, for least-developed, landlocked or island ACP States, the figure stipulated in (a) shall be 10% and the figure stipulated in (b) shall be 12%.

For the calculation of the thresholds referred to in (a) and (b) earnings shall not include those from mining products not covered by the system.

2. Recourse to the special financing facility shall be possible where, in the light of the aims referred to above:

(a) it is perceived or expected that the viability of one or more enterprises in the mining sector has been or is about to be seriously affected following temporary or unforeseeable difficulties—whether technical, economic or political—beyond the control of the State or undertaking concerned, and where such damage to viability leads to or may lead to a significant fall in revenue for the ACP State concerned—assessed in particular on the basis of a drop in production or export capacities of the product in question of around 10%—and/or a deterioration in its external trade balance

Foreseeable damage to viability shall be characterized by the onset of deterioration of the means of production and its impact on the country's economy; or

(b) in cases under paragraph 1(a), it is perceived that a substantial fall in export earnings from the mining product concerned, in relation to the average for the two years before the request, is seriously jeopardizing the completion of development projects and programmes under way. To be taken into consideration, such a fall in earnings must:

— be caused by technical, economic or political difficulties and not artificially provoked, directly or indirectly, by policies and measures of the ACP State or the economic operators concerned;

— result in a corresponding fall in total export earnings of approximately 10% at least in the year before that of the request.

The said difficulties shall refer to disruptions such as accidents, serious technical incidents, serious internal or external political events, major technological and economic changes or major changes in trade relations with the Community.

3. An ACP State may request financial aid under the special financing facility where the conditions set out in paragraphs 1 and 2 are met.

Article 216

1. The aid referred to in Article 215 shall be used in pursuit of the aims of the facility as set out in Article 214(2).

— Where maintenance or return to viability of the mining enterprise or enterprises affected is deemed possible and appropriate by the two parties, the aid shall be used to finance projects or programmes, including the financial restructuring of the enterprise or enterprises concerned, with a view to maintaining, re-establishing or rationalizing at a viable level the production and export capacity concerned.

— Where it is not thought possible by the two parties to maintain or restore viability, the aid shall be used to broaden the bases of economic growth through the financing of viable horizontal or vertical conversion or diversification projects or programmes.

— By common agreement, the aim of diversification may also be pursued where the economy is dependent on the mining product in question to a significant degree, even where viability can be re-established.

— Where Article 215(2)(b) is applicable, the objective of diversification shall be pursued through financial assistance to aid the completion of development projects and programmes under way outside the mining sector which are in jeopardy.

2. Any decision to allocate funds to projects or programmes shall take due account of economic interests and the social implications of such aid in the ACP State concerned and in

the Community and will be adapted to the economic restructuring needs of that ACP State.

In the case of requests presented under Article 215(1)(b), the Community and the ACP State concerned shall jointly and systematically seek to establish the scope and the terms of any aid accorded in such a way that such aid does not injure competing Community mining production.

The consideration and appraisal of these factors shall be part of the analysis referred to in Article 217(2).

3. Special attention shall be accorded to:

- processing and transport operations, notably at regional level, and the proper integration of the mining sector in the country's overall economic and social development;

- preventive operations to minimize any disruptive effects by adapting technology, improving the technical and managerial skills of local staff and adapting the skills of local staff to enterprise management techniques;

- stepping up the ACP States' scientific and technical capacity for the production of new materials.

Article 217

1. The request for aid must include information on the nature of the problems encountered, the perceived or expected consequences of the disruption both at national level and at the level of the mining enterprise or enterprises affected and indications in the form of an identification sheet on the measures or actions undertaken or desired to remedy them.

The request shall be made as soon as these consequences are identified and within a period not exceeding twelve months for making up the file.

2. Prior to any Community decision a technical, economic and financial analysis shall be made systematically of the mining sector concerned in order to assess both the eligibility of the request and the project or programme to be undertaken to utilize the aid. That analysis, which shall be very detailed, shall, in order to identify the operation, take particular account of world market prospects and, without prejudice to the first paragraph of Article 216(2), the situation of the Community market in the products concerned. It shall also include an analysis of the possible implications of such an operation for the competing mining products of Member States and the possible implications of its non-implementation for the ACP State concerned. Its objective shall be to ascertain:

- whether the viability of the means of production concerned has been or is likely to be damaged and whether that viability can be restored, or whether recourse to diversification measures is more appropriate; or

- whether the fall in export earnings referred to in Article 215(2)(b) seriously jeopardizes the implementation of development projects and programmes under way.

The analysis shall be carried out in accordance with the procedures for financial and technical cooperation. It shall require the close cooperation of the ACP State and economic operators concerned.

3. A single decision shall be taken on eligibility and the financing proposal.

The Community and the ACP State concerned shall take the necessary steps to expedite appraisal of requests so that the appropriate action may be taken swiftly.

Article 218

1. If necessary, technical assistance for setting up and supervising the project may be financed under the facility.

2. The procedures applicable to such assistance and the detailed rules for its implementation shall be those laid down in this Convention for development finance cooperation.

Article 219

1. For the purposes specified in Article 214 and for the period of application of the Financial Protocol annexed to this Convention, the Community shall allocate the overall amount provided for in that Protocol to cover all its commitments under this special financing facility. The amount allocated to the facility shall be managed by the Commission.

2. (a) This overall amount shall be divided into a number of equal annual instalments corresponding to the number of years of application. Each year, except the last, the Council of Ministers, on the basis of a report submitted to it by the Commission, may authorize the advance use of up to 50% of the following year's instalment where required.

(b) Any balances remaining at the end of each year of application of the Financial Protocol annexed to this Convention, except the last, shall be carried over automatically to the following year.

(c) Consequently, the resources available for each year of application will be made up of the following elements:

- the annual instalment, less any amounts used under (a);
- the sums carried over under (b).

(d) If the resources available for any year of application are insufficient, the amounts provided for shall be reduced accordingly, without prejudice to subparagraphs (a), (b) and (c).

Before expiry of the period of application of the Financial Protocol, the Council of Ministers shall decide on the allocation of any balances remaining from the overall amount.

3. The amount of the aid provided for in Article 215 shall be determined by the Commission in the light of the funds available under the special financing facility, the nature of the relevant projects and programmes, the possibilities for co-financing and the relative importance of the mining industry concerned for the economy of the ACP State.

4. Under no circumstances may a single ACP State be eligible for more than 35% of the resources available as a result of the application of paragraph 2(c). The rate shall be 15% for aid under Article 215(1)(b).

5. Aid accorded to an ACP State under the special financing facility may be on-lent by that State to the final borrower on different financial terms which shall be established in the financing decision and shall result from an analysis of the aid project conducted on the basis of the usual economic and financial criteria for the type of project planned.

6. The analysis referred to in Article 217 shall be financed from resources of the facility.

7. In exceptional circumstances arising out of an emergency, confirmation and proof of which will have to be provided initially by the analysis, an ACP State which so requests may be granted an advance by way of partial pre-financing of the project or programme which it precedes.

OFFICE MEMORANDUM

DATE: November 16, 1994

TO: Olivier Lafourcade, Director, AF4DR

FROM: C.B. Andrews, Mining Specialist, IENIM

EXTENSION: 34275

SUBJECT: **Attached letter from Burkina Faso**

RECEIVED

94 NOV 17 PM 4:43

Indu -
Has already left
on mission. I
think this is
a PPF request.
Could you please
handle, with him

Please find attached a letter from the Minister of Finance relative to a request for a PPF for the Burkina Faso mining technical assistance project.

mus
11/24

CC: Mary Oakes Smith, AF4IE
Peter Van der Veen, IENIM
Okonjo-Iweala, AF4OD
Whitney Foster, AF4OD

Mary Oakes,
To handle, pls.

OP
11/21

MISSION RESIDENTE DE LA BANQUE MONDIALE
AU BURKINA FASO

FICHE DE SUIVI DE COURRIER

Correspondance enregistrée le : 08/11/94

sous le numéro : 1736

traitée par : Bafo

ACTIONS PRISES

Date : 8-11-94

- 1) ouvrir 1 Black book pour projet Rineer
et classer 1 copie A 1
- 2) Transmettre à C. Andeuso par
pouch

REMARQUES:

OF/N.E.
BURKINA FASO

MINISTERE DES RELATIONS EXTERIEURES

SECRETARIAT GENERAL

No **Nº 0 1 8 9 0** /MREX/SG/CI/CM.

BURKINA MISSION
NOV 08 1994
Received on

outed Washington

Field

File

Le Ministère des Relations Extérieures du Burkina Faso présente ses compliments à la Représentation de la Banque Mondiale à Ouagadougou et a l'honneur de lui faire parvenir ci-joint la lettre no 12444/MEFP/SG/DG.COOP/DCM/OAJ/NJ du 20 Octobre 1994 de Monsieur le Ministre de l'Economie, des Finances et du Plan destinée à Monsieur Olivier LA FOURCADE, Directeur du Département de l'Afrique Occidentale et Centrale-Régional Nord, et relative au Projet d'Assistance au secteur Minier.

Le Ministère des Relations Extérieures du Burkina Faso saisit cette occasion pour renouveler à la Représentation de la Banque Mondiale à Ouagadougou les assurances de sa considération distinguée.

REPRESENTATION DE LA BANQUE
MONDIALE
OUAGADOUGOU

OUAGADOUGOU, 1e





Ouagadougou, le 20 OCT. 1994



N° 12444

MEFP/SG/DG.COOP/DCM/OAJ/NJ

*Le Ministre de l'Economie des
Finances et du Plan*

Objet : Projet d'Assistance au Secteur
Minier-
Requête pour l'ouverture
du P.P.F.

Réf. :

A

Monsieur Olivier LAFOURCADE
Directeur du Département de
l'Afrique Occidentale et
Centrale - Région Nord
Association Internationale de
Développement- Street - N.W.
WASHINGTON, D.C. 20433-
U.S.A.

S/C :

Monsieur le Représentant
Résident de la Banque Mondiale
au Burkina Faso

OUAGADOUGOU

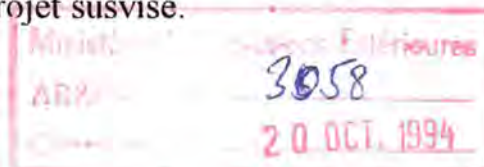
Monsieur le Directeur,

A l'issue de la mission effectuée du 18 au 22 Juillet 1994 par Monsieur Graig ANDREWS, spécialiste minier, il est apparu la nécessité d'obtenir une avance de fonds pour financer un certain nombre d'activités devant permettre la mise en oeuvre du Projet d'Assistance au Secteur Minier.

Le montant total de l'avance estimé à Six Cent Mille (600.000) dollars US, est destiné à couvrir les actions ci-après :

- Services de consultants locaux et internationaux ;
- Organisation d'Ateliers sur différents aspects de l'industrie minière ;
- Formation des responsables nationaux ;
- Programmation de l'assistance technique au projet.

Aussi, je vous saurai gré de votre diligente intervention auprès des Autorités de votre Institution en vue d'obtenir en faveur du Burkina Faso, l'octroi d'une avance pour faciliter la préparation du projet susvisé.



Les dépenses à financer en exonération de toutes taxes sur les fonds de l'avance sont récapitulées dans le tableau du détail des coûts joint en annexe.

En vous réitérant mes sentiments de profonde gratitude, veuillez agréer **Monsieur le Directeur**, l'assurance de ma considération distinguée./-


Zéphirin DIABRE



ACTIVITES/SPECIALITE	HOMME MOIS	COUT PAR H/M US \$	COUT TOTAL	TOTAL
POLITIQUE ET STRATEGIE MINIERES (dialogue et réflexion)				
Chef d'Equipe/Institutions	3 h/m	25 000	75 000	
Economiste Minier	2 h/m	22 000	44 000	
Régulation minière	1 h/m	22 000	22 000	
Fiscalité/comptabilité	1 h/m	25 000	25 000	
Exploitations artisanales	1,5h/m	22 000	33 000	
Consultants Locaux	18 h/m	2 000	36 000	
				235 000
REVISION LEGISLATION MINIERE				
Juriste International	1 h/m	30 000	30 000	
Juristes locaux	4 h/m	5 000	20 000	
				50 000
COMMERCIALISATION DE L'OR (évaluation du CBMP)				
Cabinet International	2 h/m	25 000	50 000	
Cabinet Local	16 h/m	5 000	80 000	
Consultants locaux	12 h/m	2 000	48 000	
				178 000
FORMATIONS ET VOYAGES				
Participants Burkinabè			100 000	100 000
Frais additionnels de fonctionnement			37 000	37 000
TOTAL				600 000

BUREAU D'ETUDES ET DE
CONSULTATION
SUR LES RESSOURCES NATURELLES
(B.E.CO.RE.N.)

NOTE DE PRESENTATION

Adresse 01 BP 1417 OUAGADOUGOU 01 BURKINA FASO

Dans les pays de la sous-région et au Burkina Faso en particulier, la problématique de l'exploitation des ressources naturelles en harmonie avec l'environnement se pose avec acuité.

Dans un contexte sahélien où la gestion de l'environnement est l'une des préoccupations majeures des autorités et des populations, la mise en valeur des ressources naturelles du pays se doit de prendre en compte les politiques de gestion et de conservation de ces mêmes ressources. De ce fait, l'action du B.E.CO.RE.N s'inscrit en droite ligne dans l'appui à la formulation, étude, gestion et contrôle de l'exécution de projets , consultations et formation portant sur :

1. la mise en valeur des ressources minières ;
2. l'hydrogéologie ;
3. l'hydraulique ;
4. le développement rural ;
5. l'environnement.

I. DOMAINES D'INTERVENTION

1 - MISE EN VALEUR DES RESSOURCES MINIERES

- Identification de zones géologiques favorables
- Cartographie géologique et structurale
- Levés géologiques, géophysiques, géochimiques
- Définition des étapes de prospection et détermination des méthodes de recherches les plus appropriées.
- Prospection, recherches minières et évaluation des gisements
- Supervision de programmes de sondages, tranchées..., échantillonnages, analyses chimiques, pétrographiques et minéralogiques ; Interprétation des résultats - rapports
- Informatique géologique (cartographie, étude statistique, géochimique, modelisation des gîtes, préparation des fiches techniques...)
- Etude de traitement de minerai et audit technique d'installations de traitement de minerai
- Etude de faisabilité de projets (analyse financière et économique)
- Evaluation de projets miniers
- Assistance à la recherche de financement
- Politique sectorielle et législation, Plan minéral.

2 - HYDROGEOLOGIE

- Recherche, étude et valorisation des aquifères en milieu cristallin
- Implantation de puits et forages par photo-interprétation et prospection géophysique
- Exploitation des eaux souterraines (puits, forages)
- Equipement des forages d'eau
- Analyses et traitement des eaux
- Gestion des ressources en eau

3 - HYDRAULIQUE

- Hydraulique villageoise et pastorale

- . Inventaire des points d'eau
- . Etude de recherche des besoins en eau des populations villageoises
- . Surveillance des travaux d'exécution des puits et des forages
- . Installation des pompes manuelles
- . Formation des utilisateurs
- . Exécution des puits et forages
- . Réhabilitation des puits et forages.

- Hydraulique urbaine et industrielle

- . Recherche et définition des besoins en eau des populations urbaines et semi-urbaines
- . Recherche des ressources en eau (puits, forages, barrages)
- . Etude des systèmes et réseaux d'adduction d'eau potable.
- . Choix et installation de groupes électrogènes, pompes électriques et pompes solaires
- . Pose de conduites
- . Fourniture de produits chimiques pour traitement d'eau
- . Etude et contrôle de travaux de génie civil.

- Hydraulique agricole

- . Etude d'aménagements hydroagricoles
- . Etude de barrages
- . Etude d'aménagement de petits périmètres maraîchers.

4 - DEVELOPPEMENT RURAL

- Etude et évaluation des sols (études pédologiques et morphologiques)
- Gestion des terroirs villageois
- Etude de projets d'électricité solaire au service du développement rural
- Evaluation des projets de développement rural
- Etudes et contrôle de travaux de pistes rurales.

5 - ENVIRONNEMENT

- Etude d'impact sur l'environnement d'installations productrices de nuisances
- Etude de sols
- Protection de l'environnement
- Levés géologiques, géophysiques
- Réhabilitation d'anciens sites miniers
- Etude de faisabilité d'entrepôts d'ordures ménagères et industrielles (cas de pollution de nappes aquifères par des déchets toxiques etc...)

6 - GESTION ET EXECUTION DE PROJETS

- Identification de projets
- Elaboration de projets
- Etudes économiques et financières
- Evaluation et post-évaluation de projets
- Assistance à la recherche de financement
- Assistance aux négociations avec les bailleurs de fonds
- Assistance aux négociations de conventions d'investissement et de conventions de financement
- Supervision et contrôle de l'exécution de projets

7 - F O R M A T I O N

- Organisation de stages et de cours de formation concernant les domaines ci-dessus mentionnés.

II. M O Y E N S

1. MOYENS HUMAINS

- Equipe d'ingénieurs burkinabè confirmés (géologues agronomes, pédologues, forestiers, hydrauliciens)
- Economistes, sociologues et formateurs expérimentés
- Partenaires très expérimentés.

2. MOYENS MATERIELS

- Moyens logistiques.

Ministry of Foreign Affairs
Burkina Faso

....

The Ministry of Foreign Affairs of Burkina Faso presents its compliments to the World Bank office in Ouagadougou, and is sending herewith letter No. 12444/MEFP/SG/DG.COOP/DCM/OAJ/NJ dated October 20, 1994 from the Ministry of Economy, Finances and Planning addressed to Mr. Olivier Lafourcade, Director, concerning the Mining Sector Assistance Project.

Sincerely,

Ministry of Economy,
Finances and Planning
Burkina Faso

Re: Mining Sector Assistance Project
Request for P.P.F.

...

Following the July 18-22, 1994 mission of Mr. Graig Andrews, mining expert, it has become necessary to obtain an advance to finance a number of activities in order to launch the Mining Sector Assistance Project.

The advance totalling US\$600.000 is needed to cover the following activities:

- Local and international consultants.
- Organization of workshops on different aspects of the mining industry.
- Training of local staff.
- Technical assistance program.

I would therefore appreciate your prompt attention in order obtain an advance from the Bank to facilitate the preparation on the above-named project.

The expenses which will be financed free of all taxes from the advanced funds are summarized in the attached table.

Sincerely,

ACTIVITY/ SPECIALTY	MAN MONTH	COST MAN MONTH US\$	TOTAL COST	TOTAL
Mining policy and strategy				
Team leader	3 m/m	25,000	75,000	
Mining economist	2 m/m	22,000	44,000	
Mining regulations	1 m/m	22,000	22,000	
Accounting	1 m/m	25,000	25,000	
Micro enterpprises in the mining sector	1.5 m/m	22,000	33,000	
Local consultants	18 m/m	2,000	36,000	235,000
Revision of the mining law				
International attorney	1 m/m	30,000	30,000	
Local attorneys	4 m/m	5,000	20,000	50,000
Gold Marketing (CBMP evaluation)				
International firm	2 m/m	25,000	50,000	
Local firm	16 m/m	5,000	80,000	
Local consultants	12 m/m	2,000	48,000	178,000
Training and travel				
Burkinabe participants			100,000	100,000
Additional operating expenses			37,000	
TOTAL				600,000

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

le 21 septembre, 1994

Son Excellence Monsieur Souley Mohammed
Ministre de l'Industrie et du Commerce
Ouagadougou
Burkina Faso

*Objet: BURKINA FASO/Confirmation de l'aide-mémoire de la mission de préparation
du projet secteur minier*

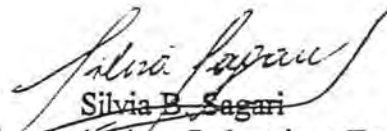
Monsieur le Ministre,

Nous avons l'honneur de vous confirmer par la présente l'aide-mémoire de la mission du 18 au 22 juillet 1994) conduite par Monsieur Craig Andrews de la Division Industrie et Mines concernant la préparation d'un crédit IDA pour l'assistance technique au secteur minier.

Nous constatons avec satisfaction le progrès fait dans les discussions des diverses activités qui pourraient être financées éventuellement dans le cadre d'une avance du "Project Preparation Facility" (PPF): le dialogue sur les politiques et stratégies minières, la réforme de la législation minière, et l'étude sur la commercialisation de l'or au Burkina.. Nous croyons que le dialogue sur les politiques et stratégies minières est essentiel afin de mettre en place les structures juridiques, fiscales et institutionnelles qui répondent aux besoins du secteur et, en particulier, qui incitent les investissements privés. Ce dialogue aidera également à définir les orientations des réformes à entreprendre sur la législation et la fiscalité minières. L'étude sur la commercialisation de l'or au Burkina Faso, qui sera préparée par un cabinet d'expert d'audit et conseil en gestion reconnu internationalement en association avec les consultants locaux, aidera le Gouvernement à mieux définir l'importance des circuits formels et informels de commercialisation de l'or et le rôle des différents organismes de l'Etat, tels que le CBMP.

Etant donné la réorganisation récente de la Région Afrique, nous devons donc déterminer très prochainement la disponibilité des fonds pour le PPF pour le financement des études et des activités mentionnées ci-dessus.

Veillez agréer, Monsieur le Ministre, l'expression de notre très haute considération.



Silvia B. Sagari

Chef des Opérations Industrie et Energie
Département du Sahel
Région Afrique

cc: Messrs. Le Boudier (EDS13) ; Osei, Représentant résident, Ouagadougou

cc: Mmes. Messrs. Marshall, Schebeck, Laporte (AF5DR); Sarbib, Foster, Doize (AF5CO); Novaes, Menezes, Burmeister (AF5IE); Wabnitz (LEGAF); Van der Veen (IENIM); Africa ISC and Division files

IAM/CA::peb
c: BURKINA/mining/ministre.let

REPUBLIQUE DU BURKINA FASO

AIDE MEMOIRE: 22 JUILLET 1994

MISSION DU 18 AU 22 JUILLET 1994

**PREPARATION DU PROJET DE CREDIT IDA:
ASSISTANCE TECHNIQUE AU SECTEUR MINIER**

Une mission conduite par Monsieur Craig Andrews, Spécialiste minier de la Division de l'industrie et mines, a eu lieu à Ouagadougou du 18 au 22 juillet. La mission a eu comme objectifs, 1) de discuter du projet de termes de référence concernant l'étude sur la commercialisation de l'or au Burkina Faso et, 2) de discuter et de mettre au point les activités proposées dans le cadre des fonds pour la préparation du projet (PPF). Les buts de l'avance du PPF sont d'aider le Gouvernement à préparer une déclaration de la politique et stratégie minière, de réformer la législation et la fiscalité minière, et d'envisager une restructuration des institutions de l'Etat impliquées dans la commercialisation de l'or qui sera la base d'un projet pour le secteur minier.

Durant la visite, la mission a eu des entretiens avec S.E. le Premier Ministre Monsieur Roch Marc Christian Kaboré, S.E. le Ministre du Commerce et de l'Industrie, Monsieur Mohamed Souley ainsi que les responsables de la Direction de l'Energie et des Mines, le Bumigeb, et le CBMP. Par ailleurs, la mission a pu rencontrer les consultants chargés d'une mission d'évaluation d'un projet minier proposé au financement du Sysmin (CEE), un représentant d'une société désirant s'installer au Burkina pour offrir des services de laboratoire, et les représentants de plusieurs sociétés minières installées au Burkina, y compris le BHP Minérales et Anglo-américain Prospecting Services. La mission tient à remercier le Gouvernement pour son assistance et les intervenants Burkinabé pour leur coopération parfaite.

Suite à la dernière mission de préparation en mars 1994 certains points restaient en suspens, notamment une restructuration éventuelle du rôle du CBMP et les activités à entreprendre dans le cadre d'une avance du PPF. Le Ministre du Commerce et de l'Industrie ainsi que le Directeur Général du CBMP, au cours d'une visite à Washington au mois du juin dernier ont convenu d'entreprendre une étude sur la commercialisation de l'or au Burkina. La mission exprime sa satisfaction d'accord commun établi sur les termes de référence pour cette étude (voir annexe). Les objets de cette étude sont les suivants :

- (i) d'évaluer la commercialisation de l'or au Burkina, surtout en ce qui concerne les exploitations artisanales;
- (ii) d'examiner les avantages et inconvénients du monopole de l'Etat pour l'exportation de l'or;
- (iii) de déterminer les coûts réels de l'intervention du CBMP dans le secteur ;

avec les investisseurs afin d'accélérer le processus de négociation et de s'assurer que les dispositions des conventions conformes aux révisions de la législation et aux politiques arrêtées.

Il a été décidé que le Gouvernement contactera la mission résidente afin de déterminer les procédures à suivre afin de mobiliser les fonds PPF. Etant donné la réorganisation de la structure des départements dans la région de l'Afrique au sein de la Banque, dès son retour à Washington la mission prendra contact avec les responsables afin de déterminer la disponibilité des fonds pour un PPF. Il serait souhaitable de procéder le plus rapidement possible à la réalisation des études, etc., étant donné les contraintes juridiques, fiscales, et institutionnelles vis-à-vis les investisseurs.

La mission constate que les réformes entamées dans l'organisation du Bumigeb semblent aller dans le sens du rôle de superviseur et régulateur du secteur, et non comme intervenant direct dans les activités de la recherche détaillée ni des opérations d'exploitation. Le projet prévu peut apporter une aide considérable pour effectuer cette transformation. L'étude sur la participation de l'Etat dans le capital des sociétés minières montrera les avantages et les inconvénients d'une telle participation. Il est à souhaiter que les dispositions juridiques, financières, fiscales, douanières, parmi d'autres, peuvent figurer dans la législation régissant les investissements dans le secteur. Dans ce cas, il n'y aura pas besoin de négocier les dispositions spéciales avec chaque investisseur et réduira le temps nécessaire à réaliser les investissements. Les industries connexes à des activités d'exploration et d'exploitation (par exemple, les services de laboratoire, d'entretien, de forages, etc.) devraient bénéficier de certaines dispositions de la fiscalité et la législation minière dans les conditions restant à définir. Le Gouvernement devrait apporter une attention particulière au respect des obligations convenues avec les opérateurs miniers, notamment en ce qui concerne les programmes de travail, les engagements financiers, la quittance des taxes superficielles et ad valorem. La mise en place d'un système d'octroi et de gestion des titres qui soit efficace, simple, transparent, et rapide est essentiel. Le Gouvernement devrait également apporter une attention particulière aux conditions de travail des entreprises minières, notamment la mise en vigueur effective des avantages douaniers, fiscaux et autres qui leur sont accordés. Il est à souligner que le Burkina Faso a pu bénéficier d'un intérêt considérable manifesté par les investisseurs ces derniers mois ; il est essentiel que cet intérêt soit maintenu, que l'octroi des titres miniers soit efficace et rapide, et que le Gouvernement évite la remise en cause des conventions conclues avec les investisseurs.

- (iv) de proposer des améliorations pour la commercialisation de l'or, y compris la suppression éventuelle du monopole et la restructuration des activités du CBMP.

Cette étude sera préparée par un cabinet d'audit et conseil en Gestion internationalement reconnu en association avec les consultants locaux. Les équipes de ce cabinet seraient renforcées éventuellement par un ou deux consultants en exploitations artisanales sur financement des "trust funds" restant à la disposition de la Banque.

Concernant les activités du PPF, les intervenants ont convenu des termes de référence et des procédures à suivre afin d'utiliser l'avance du PPF. Les fonds PPF seront utilisés pour financer l'intervention des consultants internationaux et locaux, organiser les ateliers et les délibérations sur les différents aspects de l'industrie minière, la formation des responsables gouvernementaux en la matière, et la programmation de l'assistance technique dans les volets prévus dans l'exécution du projet. Un coordonnateur local devrait être nommé pour la gestion des activités financé par le PPF. En outre de l'étude sur la commercialisation de l'or décrite ci-dessus, le PPF aidera le Gouvernement à préparer un document sur la politique et stratégie minière et à la révision de la législation minière.

Le document sur la politique et stratégie sera éventuellement publié par le Gouvernement et servira comme base pour l'élaboration de la nouvelle législation minière ainsi que les réformes sur le régime fiscal portant sur l'industrie minière au Burkina. Plusieurs études seront entreprises, des ateliers et des séminaires seront organisés sur les aspects pertinents, tels que (non-limitatif) :

- (i) les rôles respectifs de l'Etat et le secteur privé, y compris la participation de l'Etat dans le capital des sociétés minières;
- (ii) l'organisation institutionnelle et les fonctions et responsabilités des organes de l'Etat intervenant dans le secteur;
- (iii) la fiscalité minière, y compris les recommandations en ce qui concerne le BIC et le IRVM ainsi que les redevances minières;
- (iv) les exploitations artisanales et les petites mines;
- (v) les coûts de production, y compris une comparaison avec les pays de la sous-région et dans d'autres pays.

Les révisions et réformes sur la législation sont essentielles afin d'attirer les investisseurs privés locaux et internationaux et de leur assurer des conditions stables de travail. Il s'agit de réformer l'ensemble des dispositifs réglementaires et législatifs régissant le secteur minier tels que la loi fondamentale (code minier), les décrets d'application, les conventions d'établissement, et éventuellement le code d'investissement minier. Le PPF prévoit une assistance technique d'un juriste international spécialisé dans la législation minière ainsi que les juristes locaux en la matière. En même temps, il serait possible que les juristes donnent une assistance dans les négociations

THE WORLD BANK GROUP
Headquarters: Washington, D.C. 20433 U.S.A.
Tel. No. (202) 477-1234 • Fax (202) 477-6391 • Telex No. RCA 248423

FACSIMILE COVER SHEET AND MESSAGE

DATE: November 22, 1994

NO. OF PAGES: 3
(including cover sheet)

MESSAGE NO.: 1

TO: Messrs. Albert Osei/Celestin Bado
Title: Resident Mission
Organization: World Bank
City/Country: Ouagadougou, Burkina Faso

DESTINATION FAX NO.: 226 30 86 49

FROM: C.B. Andrews
Title: Mining Specialist
Dept/Div: IENIM
Room No.: G 2057

DIVISIONAL FAX NO.: (202) 202 477 6619
Dept./Div. No.: 613-10
Telephone: (202) 202 473 4275

SUBJECT: Burkina Mission: Mining Sector Project

MESSAGE:

Albert/Celestin:

I attach the terms of reference for my mission to Ouagadougou, 7-11 December. Could I please ask that you inform the Ministry; the objectives and workplan are self explanatory in the TORs.

Many thanks and I look forward to seeing you both again.

With Kind Regards,

Craig

Transmission authorized by: cba 

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax no. listed above.

OFFICE MEMORANDUM

DATE: November 22, 1994

TO: Mary Oakes Smith, Division Chief, AF4IE

FROM: C.B. Andrews, Mining Specialist, IENIM



EXTENSION: 34275

SUBJECT: **Terms of Reference, Mission to Burkina Faso, Cote d'Ivoire, and Togo**

During the period 4-13 December I will conduct a mission to Burkina Faso, Cote d'Ivoire, and Togo. The purposes of the mission in each country are as follows:

1) Ouagadougou, Burkina Faso

I will continue with the identification/preparation of the mining sector capacity building project. I plan to meet with the Minister of Commerce and Mines, the Director General of Engery and Mines, the Director General of Bumigeb, the Director General of CBMP, members of their respective staffs, and other interested parties.

The government has recently addressed to the Bank a request for a PPF for this project. I will discuss with the government the proposed objectives and scope of work including, in particular, the proposed technical and financial evaluation of CBMP. In addition, in the event that the request for PPF is approved, I will discuss with the government various procedures to be followed in the recruitment of local and foreign consultants, preparation of terms of reference and letters of invitation, and other matters. Finally, I will discuss the outline of the project itself with the government and define exactly how the activities of the PPF will assist in the final design of the project, including any conditionalities attached thereto.

My visit to Burkina will also coincide with that of Mr. Mamamdou Barry (IENIM) who is conducting an internally financed study of artisanal mining in Africa. Part of this study will involve visits to artisanal mining sites to collect information as well as to film artisanal mining operations. While Mr. Barry is expected to be self-sufficient, he may require my assistance from time to time.

2) Abidjan, Cote d'Ivoire

I will visit briefly Abidjan, Cote d'Ivoire to supervise the implementation of the IDF grant for legal and institutional reform of the mining sector. I plan to meet with the Minister of

Mines, the Director of the Cabinet of the Ministry, the Director General of Geology and Mines, and the Director General of Sodemi.

Since the last mission in July, 1994, the government has moved rapidly to implement this project. It has appointed a senior international attorney to review and revise the mining law. Since my visit to Abidjan may coincide with that of the attorney I will take the occasion to fully apprise myself of the principal dispositions and dimensions of the new draft mining code. The government has issued letters of invitation to short-listed consultants for institutional and environmental diagnostic work. I will discuss with the Ministry the status and progress of this bidding process. Finally, the local project coordinatrice has just announced that she will be leaving Cote d'Ivoire. As a result it will be necessary for me to review other candidates as proposed by the government.

3) Lome, Togo

While in Lome, Togo, I will discuss with officials of the West Africa Development Bank the proposed regional mining fund for West Africa. You indicated that you discussed this concept with the president of the BOAD in October and that his preliminary reaction was to prefer mining activities to be integrated into existing or future general lines of credit. However, there could be significant advantages to having a stand alone mining fund and it would be appropriate for me to re-visit the issue with BOAD officials in greater detail.

Upon my return to headquarters, I will prepare a back to office report and/or the requisite form 590 plus attachments, as the case may be, for each of the three countries I visited.

CC: Peter Van der Veen, Mamadou Barry, Katrina Ecolivet (IENIM)
Whitney Foster, Van Trotsenburg, Dailly (AF4CO)
Indu Hewawasam (AF4IE)
Resident Representatives (Burkina Faso, Cote d'Ivoire, Togo)

WB IENIM

(AUTO)

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FACSIMILE COVER SHEET AND MESSAGE

DATE: November 22, 1994

NO. OF PAGES: 3
(including cover sheet)

MESSAGE NO.: 1

TO: Messrs. Albert Osei/Celestin Bado
Title: Resident Mission
Organization: World Bank
City/Country: Ouagadougou, Burkina Faso

DESTINATION FAX NO.: 226 30 86 49

FROM: C.B. Andrews
Title: Mining Specialist
Dept/Div: IENIM
Room No.: G 2057

DIVISIONAL FAX NO.: (202) 202 477 6619
Dept./Div. No.: 613-10

Telephone: (202) 202 473 4275

SUBJECT: Burkina Mission: Mining Sector Project

MESSAGE:

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: November 4, 1994 03:22am EDT

TO: See Distribution Below

FROM: Jeffrey Lewis, CD4BU (JEFFREY LEWIS AT A1 AT BURKNA)

EXT.: 30 62 37

SUBJECT: Environmental Impact Assessment

Gentlemen,

Jean-Roger Mercier is the Bank's (AFTES) regional specialist in environmental impact assessment. He is going to be in Burkina for a few days, principally to make a presentation at an EIER/ESTHER training course. However, while he is here it seems a good idea to inform our various partners what the Bank is thinking and doing about EIA. Obviously this will not be interesting to all projects, but could you let me have suggestions about whom we should invite to the various sessions that are proposed for the 8th.

To what extent can we amalgamate the groups ? Do you think it would be better to plan a single all-day session on the 8th with donors, projects, NGOs, consultants etc. all together ?

The reason for the field trip to Yacko is that he used to work there long ago. It will be interesting for him to assess the environmental impact of the passage of 20 years.

I look forward to your comments and suggestions.

Best regards

Jeffrey

DISTRIBUTION:

TO: Albert Osei	(ALBERT OSEI AT A1 AT BURKNA)
TO: Celestin Bado	(CELESTIN BADO AT A1 AT BURKNA)
TO: Ibrahim Nebie	(IBRAHIM NEBIE AT A1 AT BURKNA)
TO: Korka Diallo	(KORKA DIALLO AT A1 AT BURKNA)
TO: Whitney Foster Burkina Visitor	(WHITNEY FOSTER AT A1 AT BURKNA)
CC: JEAN-ROGER MERCIER	(JEAN-ROGER MERCIER @A1@WBWASH)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: November 4, 1994 03:06am EDT

TO: JEAN-ROGER MERCIER (JEAN-ROGER MERCIER @A1@WBWASH)

FROM: Jeffrey Lewis, CD4BU (JEFFREY LEWIS AT A1 AT BURKNA)

EXT.: 30 62 37

SUBJECT: Your mission to Burkina

Jean-Roger,

It is good news that you have been cleared to come to Ouaga for the EIER Training course. I would propose the following programme:

December 5th	pm	Arrival in Ouagadougou Discussions with Resident Mission
December 6th	am pm	EIER, ESTHER SG MinEnv&Tourism, PANE, DIPAC
December 7th	All Day	Field trip to Yacko (IFAD Project)
December 8th	am pm	(i) IDA Project Directors (ii) Other Donors NGOs, Bureaux d'etudes etc.
December 9th	All Day	EIER Training

Please let me know what you think about this. As soon as we get your feed-back we can start making arrangements. Obviously there is lots of flexibility - we could, for example combine the IDA Project Directors and Donor groups into one meeting. I am assuming you are leaving on the 10th.

I look forward to hearing from you.

Jeffrey

CC: CYNTHIA C. COOK
CC: Albert Osei

(CYNTHIA C. COOK @A1@WBWASH)
(ALBERT OSEI AT A1 AT BURKNA)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: November 4, 1994 10:53am

TO: CRAIG ANDREWS (CRAIG ANDREWS @A1@WBHQB)

FROM: Jeffrey Lewis, CD4BU (JEFFREY LEWIS AT A1 AT BURKNA)

EXT.: 30 62 37

SUBJECT: Burkina Environmental Assessment

Craig,

I should have copied this to you as I suspect that you will be interested. Who should we get from the mining sector to take part in these meetings ?

Any additional comments and words of wisdom you might have would be appreciated.

Best Regards

Jeffrey

A L L - I N - 1 N O T E

DATE: 10-Oct-1994 04:45pm

TO: CRAIG ANDREWS (CRAIG ANDREWS @A1@WBHQB)

FROM: Franz Kaps, AF1DR (FRANZ KAPS@A1@WBWASH)

EXT.: 34726

SUBJECT: Regional West Africa Technical Assistance Fund for Mining

Craig,

I refer to your memorandum of October 6 on the above - please send a copy to Mary Oakes Smith, the responsible AF4 division chief. As we discussed the other day, your idea of having the West African Development Bank (BOAD) to play a major role in this undertaking is a very good one. Before going to Lome, you may already wish to have our ResRep, Jacques Daniel, talk to BOAD. As a matter of fact, we may even suggest to Mary Oakes, who will visit Togo later this month, to pay a courtesy call to BOAD and initiate the discussion. What do you think?

Franz

CC: Mary Oakes Smith	(MARY OAKES SMITH@A1@WBWASH)
CC: Eleftheria Williams	(ELEFThERIA WILLIAMS@A1@WBWASH)
CC: Ignatius Menezes	(IGNATIUS MENEZES@A1@WBWASH)
CC: Whitney Foster	(WHITNEY FOSTER@A1@WBWASH)
CC: Brigitte Aflalo	(BRIGITTE AFLALO@A1@WBWASH)

A L L - I N - 1 N O T E

DATE: 10-Oct-1994 06:39pm

TO: Whitney Foster (WHITNEY FOSTER@A1@WBWASH)

TO: CRAIG ANDREWS (CRAIG ANDREWS @A1@WBHQB)

FROM: Franz Kaps, AF1DR (FRANZ KAPS@A1@WBWASH)

EXT.: 34726

SUBJECT: B-F: Mining Sector Capacity Building Project

Whitney, Craig,

Given my heavy workload, I would prefer to look at an IEPS that has been reviewed by the country team. As you know, I am in support of the idea although Craig would have to explain as to why this project should go ahead while he is persuing the idea of a regional program through BOAD. I presume the answer is that the latter will take some time to prepare and to reach agreement on while the B-F operation is of some urgency. Nevertheless, you may also wish to consider whether the B-F operation should be a smaller one as some activities could subsequently be supported under the regional operation.

Franz

PS Craig: please update the staff review arrangements in para 18 so as to reflect the new country department.

A L L - I N - 1 N O T E

DATE: 10-Oct-1994 04:30am

TO: CRAIG ANDREWS

(CRAIG ANDREWS @A1@WBHQB)

FROM: Celestin Bado, AF5BU

(CELESTIN BADO AT A1 AT BURKNA)

EXT.: 30 62 37

SUBJECT: Mining sector TA



Craig,

Je viens d'avoir la confirmation par Zoungrana que la communication en conseil de ministres a ete faite le mercredi dernier et a reçu le feu vert du Gouvernement. Par conséquent, la requete a ete transmise au ministre de l'economie, des finances et du plan pour signature. J'ai pris contact avec le service concernee a la Direction Generale de la Cooperation qui m'a confirme etre saisi de cette affaire.

Le projet de lettre est pret et sera signe dans la semaine par le ministre qui vient tout juste de rentrer des reunions annuelles de Madrid. Des que la lettre nous parviendra ici, je te la faxerai immediatement pour que tu puisses faire commencer la procedure d'approbation sans retard.

A tres bientot j'espere...

Celestin.

CC: Albert Osei

(ALBERT OSEI AT A1 AT BURKNA)

CC: WHITNEY FOSTER

(WHITNEY FOSTER @A1@WBWASH)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: October 8, 1994 08:51am

TO: CRAIG ANDREWS (CRAIG ANDREWS @A1@WBHQB)

FROM: Albert Osei, AF5BU (ALBERT OSEI AT A1 AT BURKNA)

EXT.: 30 62 37

SUBJECT: Mining Sector IEPS

Craig,

I understand the meeting you had was in the end more a get-acquainted session than an executive, decision-making one. Perhaps that was not a bad thing.

I say that because as you know the Burkinabe, at the highest levels, are not yet ready to confront the necessity for and to manage the transition of the sector from a state-directed to a private sector-driven activity. And we are well-advised to have a limited involvement, essentially an educational one, until we have signs that the transition has become, as it were, inevitable. A Technical Assistance Project on the scale you propose will probably not be feasible for another 2-3 years, I suspect. If it turned out that my instinct on the matter is right, should we consider doing a **series** of PPFs rather than just one? At what point should we involve the IFC which has mining sector partners operating in similar geological conditions and in the Region? Is it possible to conceive of the different components moving at very different speeds so that we could uncouple some aspects of the proposed TA project and bundle them into a PPF activity? (I am thinking of SOREMIB). And by the way, on SOREMIB, could we explicitly (I know you have not excluded either) include the options of a) an operating contract with a private company and b) a joint venture? I know too well what the parliamentarians will say about a proposal to liquidate or privatize a gold mine!

Just some thoughts and questions as you proceed to the next step..

Albert

CC: WHITNEY FOSTER (WHITNEY FOSTER @A1@WBWASH)

CC: MARY OAKES SMITH (MARY OAKES SMITH @A1@WBWASH)

Sent to Lee
28 Nov 94

Environmental Data Sheet

175 Lines

Updated On: Wednesday, October 5, 1994

October 1994

Preparation, Updating and Release of Category A, B, C, and T Environmental Data Sheets

Purpose

1. This instruction outlines procedures to be used for preparation, updating and release of environmental data sheets for Bank projects under the Environmental Assessment Operational Directive (OD 4.01, formerly OD 4.00 Annex A). This includes projects in Categories A, B, C, or T (to be determined). For information about Category U projects, please see para. 12.

Requirements of OD 4.01

2. The Environmental Assessment Operational Directive 4.01 (updating OD 4.00, Annex 1) became effective October 1, 1991. It requires that at identification and prior to issuance of the Initial Executive Project Summary (IEPS), Bank lending operations are to be screened for environmental issues and assigned to one of three categories:

- | | |
|-------------|---|
| Category A: | A full Environmental Assessment (EA) required. |
| Category B: | Although a full EA is not required, environmental analysis is required. |
| Category C: | No EA or environmental analysis is required. |

The OD 4.01 further requires that the results of this screening will be reported in the Monthly Operational Summary of Bank and IDA Proposed Projects (MOS), where the EA category assigned to the project will be identified. The category of the project and other relevant information are to be reported on an environmental data sheet. A sample data sheet is included in these instructions. You may download the entire item including the data sheet to your PC by pressing [F1] F, keypad 0, FA, then selecting PC, TFP, and saving to a word processing file.

Updating

3. The database of data sheets for projects in the current lending program is maintained by the Environment Department, Land, Water and Natural Habitats Division (ENVLW) (formerly ENVAP). Once a quarter (in November, February, May and August) paper copies are distributed to the SODs for updating and signature by the chief of the managing division and of the Regional Environment Division (RED). Where the updating involves a reclassification of a project from one environmental category to another, the task manager should ensure that this

change is also reflected in the main text of the MOS.

Release of Data Sheets to the Public

4. After being updated, data sheets for Category A projects are published in an environmental annex of the MOS in the January, April, July and October issues, along with headers for Category B projects and a list of Category C and T projects. The Environment Department makes copies of individual project data sheets available to the general public on request. Data sheets for projects in the current lending program are available to Executive Directors in the Executive Director's library.

5. Since January 1994, in accordance with BP 17.50, data sheets for projects in the current lending program have been available in the Bank's Public Information Center and on the electronic network Internet.

6. Because all data sheets may be made public, task managers should ensure that they contain no confidential information.

Data Sheet for a New Project

7. Pursuant to requirements under OD4.01, task managers should initiate an environmental data sheet for each project at the IEPS stage and submit it to ENVLW through the Regional Environmental Division (or with copies to the RED, depending on regional procedures).

8. Subsequent updates can be done as part of the routine quarterly exercise for the MOS.

Completeness

9. Task managers should ensure that information is as complete as possible in the initial data sheet. It is understood that due to specific design features or the evolving nature of some projects, not all items on the datasheet may be applicable or possible to complete fully at early preparation stages. Where an item is not applicable (N/A), or information is "to be developed", that fact should be indicated in order that no items are left blank.

10. For both Category A and Category B projects, task managers should use the data sheet also to provide relevant information on alternatives. Some Board members have highlighted this issue, particularly for Category B projects. Because Category B projects may not require a separate environmental report or summary, the data sheet is the most systematic means for summarizing alternatives. Task managers might use the section "Justification/Rationale" or "Remarks" for this information.

11. For Category A projects (and now, pursuant to BP 17.50, for Category B projects where there are separate reports), task managers should report the place(s) and time(s) that the full EA report was made available locally to affected groups and NGOs, and any consultation process involved, using the "Remarks" section of the data sheet.

Adjustment Operations

12. SALs and sector adjustment projects are not within the scope of Environmental Assessment OD. For administrative tracking only, the Environment Department has designated these projects as Environmental Category "U" (unclassified), and task managers do not need to specify any other environmental category. Data sheets for these projects are circulated to task managers quarterly for updating, and the updated data sheets are maintained by ENV for internal Bank reference only. They are not listed in the Monthly Operational Summary, filed in the Executive Directors Library, or released in the Public Information Center or on the Internet.

\P

ENVIRONMENTAL DATA SHEET FOR PROJECTS
IN THE IBRD/IDA LENDING PROGRAM

Country:	Project ID No.:
Project Name:	
Appraisal Date:	IBRD Amount (\$m):
Board Date:	IDA Amount (\$m):
Managing Division:	Sector:
Lending Instrument:	Status:
Date for receipt of EA by Bank (Category A projects):	
EA Category:	Date Assigned:

[Please do not leave any items blank. Use "N/A" or "To be developed" when appropriate.]

Date data sheet prepared/updated:

Major Project Components:

Major Environmental Issues: (identified or suspected in project)

Other Environmental Issues: (of lesser scope associated with project)

Proposed Actions: (to mitigate environmental issues described above)

Justification/Rationale for Environmental Category: (presents reasons for environmental category selected and explanation of any changes from initial classification, including whether any changes relate to alternatives)

Reporting Schedule:

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FACSIMILE COVER SHEET AND MESSAGE

DATE: November 15, 1994

NO. OF PAGES: 1
(including cover sheet)

MESSAGE NO.: 1

TO: Indu Hewawasam
Title:
Organization: World Bank, AF4IE
City/Country: Washington DC

DESTINATION FAX NO.: 202 473 8286

FROM: C.B. Andrews
Title: Mining Specialist
Dept/Div: IENIM
Room No.: G 2057

DIVISIONAL FAX NO.: (202) 202 477 6619
Dept./Div. No.: {Div-#}
Telephone: (202) 202 473 4275

SUBJECT: **Burkina Faso Mining TA**

MESSAGE:

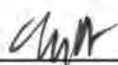
1:

Attached please find the revised IEPS for Burkina Faso mining TA. Please give a copy to Mary Oakes for our discussion this afternoon at 1700 hours.

Craig



Transmission authorized by: cba



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Date Prepared: November 15, 1994

Initial Executive Project Summary

Country and Borrower: Government of Burkina Faso

Project Name: Mining Sector Capacity-Building Project

Project Cost: US\$10 - 12 million

Proposed Financing Plan: IDA: US \$11 million
Government: US \$1 million

Tentative Appraisal Date: April 1995

Tentative Board Date: 1/ Sept. 1995

Environmental Category: Category "B"

1. [Whitney: can you draft/rewrite this section]. **Background:** The IM for a FY94 CSP gives prominence to the mining sector and its potential contribution to Burkina's economic growth. Large areas of the country are covered by geological formations known as Birrimean greenstone belts, which in other West African countries (Mali and Ghana, for instance), host major gold deposits. Because of the excellent geological potential, several mining investors have shown heightened interest in Burkina during the past several months. But, the government is facing difficulty in retaining such interest in investment due to the lack of an incentive and regulatory framework consistent with international best practices, inappropriate government policies, weak sector institutions, insufficient supporting infrastructure and non-existent or poorly organized geological data. Considerable progress has been made in recent years with agreement on the first (March 1991) and now second (March 1993) PFP and related macro and sector investments which have supported the clearer delineation of public and private sector roles and capacity support: SAL I (tariff and banking reform), PAA (support for business law reform), transport SEGAL and the recently approved Private Sector Support credit. This proposed mining sector capacity building loan will help remedy the existing deficiencies in the mining sector and be complementary to other Bank capacity building projects in the country.

2. **Sector Background:** Exports of gold represent, after cotton, the largest foreign exchange earner for Burkina: official gold exports were 3.4 tonnes in 1990, valued at \$41 million (approximately 13 percent of Burkina's 1990 exports). In addition, illegal exports from artisanal production are believed to be substantial, estimated in the 1 - 2 tonnes range. The Poura gold mine is a small underground operation which produces about 1 tonne of gold per year. Even though the mine continues to operate, it has been in financial difficulty for some time and the government has been unsuccessful in attracting private partners. A Canadian company, Northstar, mines open cast manganese deposits on a limited scale in the north at Tambao. Large scale exports will depend on solving the problems involved with transporting this bulk commodity to distant seaports. Another large project under contemplation is the Perkoa zinc project, a joint venture between the government and the Swedish firm Boliden. The project is in an advanced feasibility stage but the decision to proceed with the investment (US\$120 million) depends on solving the transportation problems, an improved financial capacity of Boliden, and an improvement in world zinc prices.

3. The geological prospectivity for gold and other base metals in Burkina Faso is excellent. Based on existing but incomplete geological work, largely undertaken with foreign assistance, proven reserves of gold, manganese, and zinc are known to exist. Occurrences of copper, silver, nickel, and diamonds are also present. Moreover, Burkina has the most extensive coverage of Birrimean greenstone belts in West Africa (other than Ghana and Cote d'Ivoire). In similar geological environments these types of rocks contain major gold deposits

susceptible to low cost open pit extraction. However, finding commercially exploitable deposits on an industrial scale demands massive investments in exploration and development. The magnitude of these investments and the risks involved are such that only private foreign capital is capable of undertaking them. Many companies consider the basic geology of Burkina very prospective and, in fact, the government has had some success in attracting foreign investment in exploration and development. But, these companies complain of unclear government policies and strategies in respect of the sector, an out-dated mining legislation, excessive and non-competitive tax burden, government monopoly control of gold exports, delays in mining title registration, extremely high energy costs, and inefficient administration of the sector on the part of government regulatory institutions. Thus, retaining these investments and attracting new ones will critically depend on improving the enabling environment, the capacities of government institutions to administer the sector, and the basic geology database upon which companies depend to make investment decisions.

4. A topic of particular concern is artisanal gold mining which expanded significantly in the Sahel Burkinabé during the mid 1970s when droughts started to weaken agriculture and decimate a large proportion of cattle herds. Artisanal mining sites are found in the provinces of Oudalan, Soum and Seno and offer a meagre livelihood to an estimated fifty to one hundred thousand persons. Because of the transitory nature of many of these mining settlements ("boom towns") social and health conditions are extremely poor. Lack of medical and educational infrastructure as well as inadequate potable water supply create severe health risks to the population at large, including reportedly the spread of the HIV virus among the predominantly itinerant young male artisans. Artisanal mining is also dangerous: no safety equipment or practices are used with the result that cave-ins, rock bursts, falls, and other accidents claim lives and inflict injuries. In spite of some efforts by the government, the artisans appear reluctant to use more efficient equipment and techniques. The result is that artisanal mining is wasteful and inefficient: less than 40 percent of the gold in the ore is presently recovered.

5. Within the past 18 months the government has undertaken a limited but significant number of steps that demonstrate its commitment to reform the sector. Some of these steps, though well intentioned, have not been firmly based in a well thought out policy and strategy for the sector. Thus, the new mining investment promotion act, passed by parliament in 1993, is incomplete and vague in many important respects. A re-organization of the Ministry of Industry and Commerce to create a Directorate of Energy and Mines with roles and responsibilities similar to those found in other countries is an encouraging first step. However, the ability of the Directorate and other supervisory institutions to adequately regulate the sector is limited by lack of experience with modern mining legislation and working with private investors, local and foreign. The national geological survey, Bumigeb, is in the process of becoming an autonomous state corporation with a view to improving its efficiency. These steps, however, only partially address a fundamental issue of the type and extent of geology information to be acquired by Bumigeb (i.e., regional scale geo-information of detailed deposit prospecting). The Burkinabe have embarked on these reforms on their own initiative. However, they lack the experience with international best practices as well as the technical skills and financial means to effectively carry on with them. The spirit of reform and initial steps already underway provide a window of opportunity for IDA to fund the much needed technical assistance to deepen the reforms, strengthen institutional capacities, and support a sector with real potential for growth, revenue and job generation.

6. Project Objectives: The main objectives of the proposed project are to: (a) attract more private investment to large, medium and small scale mining by improving the legislative, regulatory, and fiscal environment pertaining thereto, b) strengthen the government institutions responsible for supervision of the sector including training of officials in pertinent administrative techniques and

practices, c) up-grade the earth science database and geology cartography to better provide the kinds of information required by private sector investors, and (d) improve the efficiency, safety and hygiene conditions of artisanal mining.

7. Project Description: The proposed project would involve certain activities under funding of a Project Preparation Facility and four main components within the project itself. These are described separately below.

(i) Project Preparation Facility

The project will entail significant reforms to the existing Burkinabe policies, legal, tax, and institutional set-up in respect of the mining sector. In an effort to expose the Burkinabe to international best practices concerning these aspects as well as to build ownership for the project a PPF will be used to fund technical assistance for three activities:

(a) a dialogue on mineral policies and strategies resulting in the publication of a position paper (letter of sector strategy). Various aspects would be examined during the dialogue including the respective roles of the state and private partners, state equity participation in mining ventures, privatisation of state mining companies, fundamental institutional structures, competitive mining fiscal regimes, artisanal exploitations and small mines, comparative cost advantages and operational constraints for mining investment;

(b) based upon the position paper, review and revise the fundamental mining law (mine code). Elements of importance for this review include the relationship of the law to the Agrarian Reform Act, exploration and mining permits, jurisdiction over resources, environmental protection, international arbitration, transition from exploration to exploitation, relations with surface owners, and other matters; during the course of this work other laws/regulations touching upon the sector (labor, commercial code, insurance, accounting standards, etc.) will be examined and recommendation for modifications will be made.

(c) a study on the commercial and institutional structures intervening in the sale of gold and, in particular, the role and operations of the state owned Comptoir Burkinabe des Metaux Precieux.

(ii) The Regulatory and Fiscal Reform Component would consist of several

studies, advisory services and training to help the Government of Burkina Faso deepen understanding and to implement the new policies and strategies decided upon for the mining sector. It will continue work on reforming the legal, regulatory and fiscal framework to render it more in line with international best practice.

a) Based on the statement of sector policy and the re-written fundamental mining law, this component will fund technical assistance to prepare mining regulations and model investment agreement to replace the current hodge-podge of laws. Among other issues, the regulatory component will focus on, among other elements: (i) the rights and obligations of private investors and of the state, (ii) modalities and processes of mining title issuance, (iii) dispositions pertaining to the commercialization of gold, (iv) special provisions for local small-scale and artisanal miners; and (v) dispositions concerning health, safety, and environmental safeguards. An important element of this sub-component will be to train local government officials in the effective application and enforcement of the regulations; also, to help build a cadre of Burkina legal professionals conversant with mineral laws and regulations, perhaps through cooperative arrangements with the Law Faculty of the University of Ouagadougou.

b) A competitive, neutral, and efficiently administered mining tax regime is essential to attracting private sector investment on the one hand and to ensuring that the maximum fiscal benefits accrue to the state from the exploitation of its natural resources. Thus, the project will assist the

government to focus the national tax regime on mining specific fiscal issues, such as the rates and methods of calculation of royalties, surface rents, permit issuance fees, among others. The basic rates and methods of calculation for income tax, dividend withholding taxes, customs and entry duties, and other imposts and levies (including special exemptions and give-aways granted to investors) will be examined and revisions made, if necessary. An essential element of this component is training of public and private professionals in techniques of mine accounting, audit techniques, and other financial analysis specific to the sector. This training will target not only government officials but also professional accounting and finance firms in Burkina.

c) The component will provide technical assistance for privatization and or liquidation of Soremib, the state-owned enterprise operating the Pourra gold mine. This barely covers its cash operating costs and, without an injection of private foreign capital, cannot long remain in operation. The component will fund technical assistance to help privatize the mine and, if this is not feasible, to ensure an orderly shut-down of its operations.

(ii) Institutional Restructuring and Strengthening Component

Restructuring and improving the capacity of the sector institutions is a key objective of the project. Currently, administration of the sector is vested in the Ministry of Industry and Commerce, the Directorate of Energy and Mines, the Bureau of Mines and Geology of Burkina, and the Comptoir Burkinabe des Metaux Precieux. The project will provide short term technical assistance over the life of the project to these entities (as well as to perhaps the Directorate des Impots within the Ministry of Finance) in the following areas: (a) design and administration of exploration and mining permitting procedures, land management, including a computer based cadastre and mine reporting system; (b) enhancing capacity of the Directorate des Mines to prepare and supervise the national mining policy and strategy; (c) creation of a unit for mining specific health, safety and environmental matters, including assistance in the establishment of norms, standards and procedures; (d) provide technical assistance and training in standards of mine accounting and financial reporting; (e) restructuring of Bumigeb into a proper geological survey and an autonomously managed geo-services company; (f) provision of mining technical extension services, particularly to small scale and artisanal producers; (g) restructuring and reorganization of the CBMP into a regulatory body with purview over privately owned and operated gold buying offices; (h) creation and initial operation of a promotional office which would assist potential investors, produce promotional materials and disseminate them, and promote specific prospective zones; (i) complete the privatisation of Soremib, the existing state owned gold company.

(iii) The Geology Database Component will provide technical assistance and

training to acquire, up-grade and improve the geology database of the country. A complete, accurate and easily accessed geology database is a sine quo non to attract and retain private investors as it allows them to better orient their exploration activities and hence prospects for making a discovery. The objective of this component is to fill in the gaps left by previous work, re-orient the activities of BUMIGEB towards regional geology survey work, and to improve access by companies to this information at nominal cost. Activities include: (a) completion of thirteen quadrangles (approximately 143,000 kms²) of geology maps at a scale of 1:200,000; (b) airborne geophysical surveys using aero-mag and perhaps electromagnetics over approximately 1/3 of the Birrimian formations not yet flown; (c) preparation of a geological inventory and geological study based on artisanal mining sites; (d) thematic maps using remote sensing imagery; (e) installation and calibration of a Geographic Information System (GIS), to be calibrated and coordinated with other national

institutions; (f) regional geo-chemical surveys over prospective areas revealed in other geological acquisition and survey work; (g) re-organizing and re-equipping the existing minerals and metallurgical testing laboratory.

(v) **The Small Scale/Artisanal Mining Support Component** would consist of technical assistance to support small-scale/artisanal mining through: (a) studies of the existing sociological and anthropological dynamics present in the artisanal mining communities; (b) studies on the technical specifics of the artisanal operations; (c) the set up of a legal and regulatory regime that confers legal mining title to artisans; (d) help to monitor compliance with the regulations; and (e) upgrading the technical capability of small-scale mining enterprises and the health and safety of miners by helping the Government and private institutions to: (i) provide technical support to small-scale mining enterprises in mine engineering and technology; (ii) promote the private supply of goods and services to artisanal mining; (iii) educating and promoting the use of mine safety and health standards and equipment, and (iv) selectively providing health extension services to the mining community, in conjunction with other programs.

(vi) **Environment Component**

The project will complement and complete the efforts of other Bank projects (Natural Resources Management, National Environmental Action Plan, etc) to: (a) develop and prepare environmental standards and norms applicable to mining problems; (b) develop monitoring practices and procedures; (c) strengthen the capacity Ministry of the Environment and relevant agencies of the Ministry in charge of mines to adequately supervise compliance with environmental standards; (d) train government officials in best international practices in respect of environmental protection; and (e) fund the purchase of limited testing and laboratory equipment as well as logistic material (vehicles, computers, software, etc.)

8. **Project Cost and Financing:** Based on the experience in other countries, the total project cost is tentatively estimated at US\$12 - 15 million equivalent (excluding taxes and duties), with a foreign exchange component of about US\$ 11 - 14 million.

9. **Project Implementation:** The Ministry of Commerce and Industry (Direction of Energy and Mines) would be responsible for project implementation, assisted by a long-term local project coordinator.

10. **Project Sustainability :** The project places strong emphasis on institution building, training, human capital development and other activities. This emphasis is intended to support private initiatives and enhance the capacity of mining enterprises to help themselves without further help from the Government. The financial resources of the Ministry could be enhanced by allocating to it licensing fees, surface rents, and a proportion of ad valorem royalties. In addition, a condition of the loan will be a commitment by the government to fund at an adequate level the re-current expenditures of the government institutions responsible for the sector.

11. **Lessons learned:** The PPF of this project is designed to build Burkinabe ownership for the project through the participation of public and private stakeholders. It has been learned that once this ownership has been built into the project, Burkinabe mining professionals have demonstrated a good absorptive capacity and willingness to undertake necessary reforms. Studies and other work conducted during preparation as well as previous experience with international donors and potential investors can also provide a basis on which to build ownership. The Bank has similar projects underway in Mali, Cote d'Ivoire, Central African Republic, Tanzania, Kyrgyz Republic, Kazakhstan, and Ecuador. Experience with these programs demonstrates that technical assistance exposes government

officials to international best practices in the industry and allows them to better attract and retain private investment in the mining sector.

12. [Whitney: can you check and/or redraft this section; i.e., how does it fit the CAS]. Rationale for IDA involvement: The proposed project fits the Government's strategy to promote sustainable economic growth in Burkina Faso by supporting the development of its natural resources. IDA is funding similar projects in other West African countries (see above), is planning a major round-table discussion and study on artisanal and small scale mining, and has financed a regional SPPF to assess the importance of artisanal gold mining that confirms the potential contribution of the sector. The project will complement the activities of other Bank affiliates such as the IFC which has equity and debt financing arrangements for two gold mines in neighboring Mali and MIGA which is active supporting investment promotion efforts. The proposed project would involve a range of sensitive issues, in particular in the use of a private sector and economic liberalization approach which has been the center of Bank/Fund discussions with the Burkinabe government. [It would compliment the Public Institution Development Project and the proposed Banking and Support Institutions Development Project.]

13. Issues and Actions: Although the Government has made a commitment to open the mining sector to private local and foreign investors, an important issue concerns its own role in the sector. During project preparation it will be necessary to focus on this issue, in particular state equity participation in mining ventures, the role of BUMIGEB as geological survey and provider of geo-services, the continued existence of the state gold marketing monopoly CBMP, and the privatization and/or liquidation of Soremib. A second issue relates to the coordinating with other Bank/IMF projects reforms to the mining legislation and fiscal regime. A third issue to be addressed during project preparation is the extent to which local non-governmental organizations are available and competent to help manage the assistance to artisanal miners. A fourth issue to be addressed relates to design of a delivery mechanism for technical assistance to artisanal and small scale miners. Finally, experience in other countries with technical assistance projects has demonstrated that working through one government implementing agency rather than several enhances the project's success. During project preparation, discussions with the government will clarify the primary implementation role of the Ministry of Mines and Energy for the project.

14. Environmental Issues: The project will not involve direct investment in mining activities but will involve some exploration work and hence should be rated "B". Artisanal mining raises some environmental issues (deforestation, reclamation of mined out areas, water usage, occasionally the use of toxic reagents) but the more important concerns relate to the issues of health and safety risks to artisanal miners. Large-scale commercial mining, on the other hand, may raise issues such as land reclamation, waste treatment and disposal, air emissions, among others. The proposed project would address these issues through its environmental component by: (a) helping define an environmental policy, regulations and norms; (b) installing appropriate control mechanisms; (c) training personnel who would monitor environmental, health and safety conditions in the mining sector; and (d) providing technical assistance to install safer alternative technologies and mining methods in artisanal and semi-industrialized operations.

15. Program Objectives: The project would attempt to reduce the country's dependence on the agriculture and livestock sectors while improving the management of its natural resource base. It would aim at providing support to policy and regulatory reforms that would foster private sector growth in the mining industry.

16. Project Benefits: The project would help strengthen the institutional capacity and improve the enabling environment for foreign and local private enterprises in a sector which has a promising potential. Given an improved investment climate and Burkina's exploration and development potential it would

be reasonable to expect that two, perhaps three, industrial gold mines could be developed over the next 5-10 years. Combined production from three mines would probably be in excess of ten tons gold/year, worth US\$110 million at current world market prices. The development of the Poura zinc mine depends on resolving transportation problems and world market prices for zinc. If these issues are resolved the mine could add an additional US\$38 million to export earnings. Increasing the recovery factors of artisanal mining and channeling this production through the formal economy has the potential to increase declared artisanal gold exports from the present 1-2 tons/year to perhaps 2-3 tons/year, worth approximately US\$22-33 million at world market prices. In addition to export earnings, a vibrant mining sector can be expected to contribute substantial fiscal revenues through direct and indirect taxes, new jobs, transfer of management and technical skills, improved health and safety conditions in and around the industrial and artisanal mining sites.

17. Risks: An important project risk involves the ingrained government control attitudes as well as vested interests among Government officials, particularly at BUMIGEB and CBMP. These issues will be addressed during the PPF and a firm government commitment and policy (letter of sector strategy) will be prepared and integrated into the project loan documents. There is also the risk that artisanal miners cannot be assisted due to a lack of cohesion and organization on the mining sites. The project is designed to address this concern through the support of private initiatives in mining, and promoting health and safety practices that would create incentives for the miners to help themselves. A third risk is that the desired investments in mine development will not be forthcoming. The project is aimed at improving the enabling environment and the capacity of the government to regulate the sector. These improvements should attenuate the risk that investment will not be forthcoming.

18. Staff Review Arrangements:

Task Manager:	Craig Andrews (IENIM)/Indu Hewawasam (AF4IE)
Division Chief:	Mary Oakes-Smith
Director:	Olivier Lafourcade
Peer Reviewers:	M. Garrity (AF5), - to be confirmed.

THE WORLD BANK/IFC/M.I.G.A.

Headquarters: Washington, D.C. 20433 U.S.A.

Tel. No. (202) 477-1234 // Fax Tel. No. (202) 477-6391 // Telex No. RCA 248423

FACSIMILE COVER SHEET AND MESSAGE

DATE: October 3, 1994

NO. OF PAGES: 7
(including this sheet)

MESSAGE NUMBER: \

TO

Name: Hans Werner Wabnitz (visiting)
Organization: c/o Resident Mission, Ouaga
CC: Ceslestin Bado/Jeffery Lewis

Fax Tel. No. 226 30 86 49
City: Ouagadougou
Country: Burkina Faso

FROM

Name: C. B. Andrews
Dept./Div. Industry and Mining Division
Room No. \

Fax Tel. No. 202 477 6619
Dept/Div No. \
Tel. No. \

SUBJECT: Burkina Mining

MESSAGE:

Hans:

Thanks for your very useful EM of 1 October on mining code reform in Burkina.

Your thoughts work in very well with the Dialogue and Mining Sector Policies and Strategies that we are planning to undertake using a PPF for the mining capacity building TA project. I had left terms of reference for this PPF at the resident mission (attached to the aide memoire). You may wish to look at these to see how the specific points you mention in your EM can fit into this dialogue. Celestin is coordinating with the Ministry and you can discuss with him the status of things (slow, I gather). It would also be useful to discuss this when you get back to Washington.

I attach herewith for your review some terms of reference for a consultancy study on artisanal mining in Burkina which we are undertaking as part of "own managed work" in IENIM. The study will be used as an example in a major work on artisanal mining and a round table on the subject early next year. These terms of reference are to hire a local consultant to accomplish the TORs under financing from the Norway Environment Trust Funds. I would appreciate any comments you, Celestin and Jeffery may have on the TORs.

Again, thanks for your very thoughtful EM. Let's follow up ASAP when you get back.

Best regards,



Craig



Transmission authorized by: \ _____
CC: Whitney Foster

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

INDUSTRY AND MINING DIVISION
TERMS OF REFERENCE FOR AN ENVIRONMENTAL STUDY OF
ARTISANAL MINING IN BURKINA FASO

I. BACKGROUND

1. Project Objective

1. The objective of this project is to assess the environmental impact of artisanal mining as part of the study *Transforming Artisanal Mining in Africa: Issues and Prospects* which aims to define a strategy for developing a better, safer and environmentally sustainable artisanal mining subsector in Africa. The project focusses on the environmental aspects of artisanal mining in Burkina Faso and in neighboring countries. Based on the assumption that environmental behavior is closely linked to technical, economic, financial and social factors, the study will define the nature the relationship between socio-economic factors and the artisanal miners' attitude toward health, safety and environmental issues. The understanding of these relationship is crucial for developing an environmental action plan assorted with appropriate incentives and regulations with a view to stimulating the development of an orderly and environmentally sound artisanal mining subsector.

2. Rationale

2. With a GDP per capita of less than \$300 US, Burkina Faso remains one of the world's poorest countries. Nearly 90% of the population lives in rural areas and mainly depends on labor-intensive subsistence economic activities. Among the objectives of the current Bank strategy are better natural resource management and private sector development. One way to reach these objectives and affect a large portion of the population is to strengthen rural-based income-earning activities while enhancing environmental sustainability. Artisanal mining has a strong potential for contributing to poverty alleviation through increased employment and income in rural areas. The potential external benefits to rural areas include redistribution of income in favor of the rural poor, reduction of rural migration and preservation of rural lifestyles. In order to realize this potential in a sustainable manner, the environmental degradation associated with artisanal mining must be controlled. As one of the major sources of environmental damage, artisanal mining will be one of the priorities of National Environmental Action Plan initiated by Burkina Faso. The survey in this study will also serve as preparation for the Mining Sector Capacity Building Project which will address among other issues the social and environmental impact of artisanal mining. Hence the need to undertake an environmental assessment of haphazard mining and to define the key components of a policy framework for environmentally sound artisanal mining.

3. Socio-Economic Benefits

3. Gold is a major commodity in the Burkinabè economy. With 13% of total exports, gold is after cotton the second most important export of the country. Nearly 60% of the average annual gold output of 2.5 metric tons is produced by artisanal methods using manual, low technology recovery techniques. Artisanal gold mining is also the second major employer of the country (after agriculture) with an estimated 50,000 to 100,000 men, women and children who are involved part-time and sometimes full-time in various stages of the mining operations. Thus this activity hold a great potential for creating rural employment, increasing the women's earning potential and reducing rural poverty in Burkina Faso. Gold mining activities began to expand rapidly during the mid 1970s and 1980s after economic hardships brought about by a persistent drought forced farmers to look for

alternative income earning activities. In the provinces of Oudalan, Soum and Seno, which were among the most affected by the drought, artisanal mining employs an estimated 10% of the population. Women play an increasingly important role in the operations. They represent about 10% of the artisans and over 70% of the workers involved in panning, carrying, washing and sorting the gold ore. In the Lobi culture, artisanal mining is exclusively a women's activity.

II. KEY ISSUES

4. There are two key issues affecting the environmental performance of artisanal miners: first, artisanal miners typically live and work in unsafe and unhealthy conditions and their activities cause a great damage to the environment. Secondly, informal artisanal mining tends to be highly disorganized and prone to illegality because they either lack resources to comply with regulations or simply choose to ignore health, safety and environmental standards.

1. Health and Safety Aspects

5. Artisanal mining is an arduous activity which involves a high degree of health and safety risk. Health risks arise from the lack of ventilation, sanitation and dust control as well as the contamination of water by silt, mercury and organic materials in mining sites. These risks are compounded by poor hygiene in the temporary settlements, the precarious living conditions in mining camps, drug and alcohol abuse, prostitution, and the lack of prevention, hygiene education and medical facilities. As a result, there is a high incidence of sexually transmitted diseases, infant death, pneumoconiosis, cholera, arthritis, respiratory problems and physical trauma in the mining settlements. There are other health risks associated with the indoor crushing of silica-rich rocks and the evaporation or spillage of mercury during the final extraction of gold from gravity concentrates.

6. Safety problems are generally more severe in small-scale and artisanal operations than in medium and large-scale operations due to the inadequate training and the transient nature of mine workers, the lack of funds, the claim holder's reluctance to spend scarce resources on activities that do not bring immediate gains, and the poor quality of the mining and processing equipment. Lax safety procedures and carelessness can lead to various types of accidents such as cave-ins and fires.

2. Environmental Aspects

7. Artisanal mining can result in an irreversible degradation of the environment. Most of the environmental damage arises from extensive deforestation, destruction of the soil cover, excessive siltation leading to the destruction of river banks, and uncontrolled use of toxic chemicals during processing. As shown in Annex I, disorganized artisanal mining can alter land use. The natural features of the landscape have been replaced with moon-like landscapes made of unsightly piles of wastes, abandoned excavations, and vast stretches of barren land. In some areas, the uncontrolled digging of trenches and exploratory wells has been accompanied with the excessive siltation of streams and the destruction of river banks.

8. Spillage or leakage of solvents, reagents, cyanide compounds and heavy metals are the major sources of water pollution. Among these, the use of mercury in gold processing is the most publicized environmental problem in artisanal mining (it is estimated that artisanal miners use 1 to 5 kg of mercury per kg of gold depending on the granulometry of the gold particles). Much of the mercury ends up in the soil, water courses and the air through spillage and evaporation. Mercury

poisoning results from the repeated contact with the skin, the inhalation of fumes during the amalgamation process and the introduction of mercury into the food chain.

3. Organizational, Marketing and Financial Aspects

9. Artisanal mining in Burkina Faso began to shift from the relatively benign traditional mining to a full-fledged gold rush followed the economic hardships brought about by the drought periods of 1973-1975 and 1984-1985. Since the discovery of the Gangaol mine in the Seno Province in 1967, about 200 artisanal mining sites have sprung up. Miners work and live in appalling health and safety conditions. They use rudimentary tools such as pickaxes, chisels and shovels to mine near-surface gold-bearing reefs. Oftentimes, artisanal mining sites have no established titleholders. Miners who have the financial means to buy the mining tools end up owning pits. Pit owners in turn hire miners who work on their pits. The mining proceeds (in the form of ore, concentrate or metal) are shared on a 50/50 basis between the pit owner and the team of mine workers. No amount is set aside to restore the devastated sites after mining. Miners quickly move from one deposit to another and leave behind an environmental mess for which no one can be held liable.

10. In areas where mining is somewhat regulated, mining rights are obtained through a wealthy businessman who become the right holder or the *titulaire*. The right holder employs a number of team leaders or *chef d'équipes* who then recruit 5 to 20 mine workers. The team leaders provide food, drink, and equipment to mine owners. The mining proceeds are shared according to a previously agreed rate. Typically 1/3 to 1/2 of the gold from a pit goes to the team leader and his team. The balance goes to the right holder. A state gold marketing monopoly, *The Comptoir Burkinabè des Métaux Précieux* (CBMP) holds title to a number of reefs which it divides into several smaller claims. These claims are leased to wealthy owners who in turn sublet them to team leaders. The title holder usually receives 10 to 20% of the proceeds. The balance is shared between the subcontractor and the team of miners on a 50/50 basis. This form of organization, like uncontrolled mining, offers little in the area of environmental management because CBMP puts more emphasis on revenue generation than on site restoration.

III. SCOPE OF WORK

10. This project calls for a local consultant to (1) conduct an environmental diagnostic which describes and, if possible, quantifies the damage caused by artisanal mining on humans, fauna, flora, land and traditional life in villages and (2) identify the organizational and commercial factors that affect the artisanal miner's behavior toward the environment. The project will involve a comprehensive survey of the environmental impact of artisanal mining in Burkina Faso and a review of the current environmental control practices in neighboring regions with intense artisanal operations (Cote d'Ivoire, Guinea, Mali and Ghana). The results of the survey should provide an input that can be readily used in the National Environmental Action Plan and in the policy study of artisanal mining in Africa. The report should also be a basis for establishing a policy framework which aims at minimizing the environmental damage from artisanal mining in rural areas. The final product of this project will be a report analyzing and summarizing the findings and a statistical annex tabulating the survey results.

A. Diagnostic of Environmental and Social Impact

12. The environmental impact of each activity will be thoroughly described and presented in an environmental impact matrix. The matrix will summarize the impact of various sources of pollution on the major sinks of pollution (humans, fauna, flora and land). The aspects to be covered by the project include, but are not limited to the following:

1. Impact on Human Safety and Health

- i. Dust pollution during mining, crushing and grinding
- ii. Carbon monoxide pollution in pits
- iii. Cyanide pollution of surface and underground water
- iv. Lack of safety due to instability of waste piles
- v. Description of health and safety conditions in mining sites
- vi. Safety problems of abandoned mines
- vii. Incidence of mine fatalities and accidents

2. Impact on Traditional Village Activities

- i. Socio-economic impact
- ii. Impact on traditional agriculture
- iii. Disruption of traditional values
- iv. Incidence of violent crimes, child neglect, and prostitution
- v. Incidence of alcohol and drug abuse and other social ills
- vi. Incidence of cholera and other epidemic diseases, infant death, pneumoconiosis, arthritis, physical trauma
- vii. Incidence of HIV, AIDS and other sexually transmitted diseases

3. Impact on the Fauna and Flora

- i. Impact of heap leaching
- ii. Cyanide pollution of rivers
- iii. Cyanide in the food chain and accumulation of toxic elements by fish
- iv. Loss of habitat or disturbance of habitat features
- v. Alteration of aquatic flora
- vi. Deforestation

4. Impact on Land Use

- i. Land disturbance
- ii. Siltation of rivers and impact on drainage patterns
- iii. Land subsidence
- iv. Acid mine drainage
- v. Abandoned excavations
- vi. Leach pads

5. Socio-economic Impact

- i. Assessment of the economic significance of artisanal mining (contribution to foreign exchange earnings, tax revenues, rural employment);
- ii. Identification of linkages with the rural economy;
- iii. Evaluation of skill development impact
- iv. Evaluation of the adverse socio-cultural and anthropological impacts of artisanal mining;
- v. Survey of the negative social aspects in mining camps (incidence of child labor or neglect, prostitution, drug and alcohol abuse and violent crimes);
- vi. Survey of women in artisanal mining and identification of socio-cultural and economic barriers to their increased participation in mining;

B. Survey of Organizational and Commercial Aspects

1. Organizational Aspects

- i. Description of the informal organizational structures in mining sites
- ii. Identification of evaluation of relative significance of village-based mining sites governed by village laws;
- iii. Description of village laws and evaluation of their effectiveness in fostering an orderly and environmentally sound development of artisanal mining;
- vi. Description of the hierarchy structures and the relationships between mine workers, pit team leaders, financiers, buyers and exporters in "gold rush" type artisanal mining;

2. Marketing and Financial Aspects

- i. Description of the formal and informal marketing channels in Burkina Faso and in surrounding countries;
- ii. Description of the pricing mechanisms and evaluation of their impact on smuggling, illegal trading and compliance with existing regulations;
- iii. Evaluation of the impact of state gold marketing monopoly, CBMP, terms of providing training and extension services and addressing environmental, health and safety issues.
- iv. Cost-benefit assessment of CBMP and evaluation of its impact on production, export, and tax revenues.
- v. Evaluation of the average mining revenue per worker per season and how mining income is spent;

IV. RESOURCES AND IMPLEMENTATION

13. The project will require 60 man-days and will be completed in three months. The total funds requested are \$25,000, including a travel budget of \$3000 to cover surveys in neighboring countries.

A L L - I N - 1 N O T E

DATE: 01-Oct-1994 11:38am

TO: CRAIG ANDREWS (CRAIG ANDREWS @A1@WBHQB)

FROM: Hans-Werner Wabnitz Burkina Vi, AF5BU(HANS-WERNER WABNITZ AT A1 AT BURKNA)

EXT.:

SUBJECT: Burkina/ Mining Project / Mining Code Review

Craig,

from conversations last december I remeber that Bank experts consider the present Mining Code in Burkina in need of review.

Especially the administrative procedures, and the incentives for foreign investment are imperfect.

At the same time there is a current rush of interested investors in the gold field into the country.

The Mining codes of Mali and Ghana, regulating comparable facts, are said to be efficient and up to standard - which would need to be confirmed by you, and those who worked on them in the Bank.

CILLS proposes a region-wide review of the environmental laws in force; an evaluation; and respective amendments. Precursor and pilot is to be Burkina. Professor Hubert Ouadrigo has finalized an initial study/extended terms of reference for such work in Burkina. It comprehends a review of the Mining Code in view of its articles concerning the protection of the environment.

In view of the fact that some mining is supposedly intended to be open pit, and that consequently environmental effects would be substantial, such review indeed is recommended.

(And a realistic appraisal of how environmentally recommendable actions can and will be enforced; in order for the investor to cleary see the will, and the capability of Government to act; and to calculate his costs accordingly).

Now therefore I do suggest that all these actions be undertaken simultaneously, and soon:

1: Analysis and review of Ghana & Mali Codes in view of actual implementation - taking the mining companies; the environmentalists; the local populations (artisan's); as well as Governments (fiscal revenue) view into consideration;

2: summarize present imperfections in the Burkina law - including peripheral laws which impact and influence the mining company's activity, like investment code; regulation 'guichet unique' etc; and the Uniform Acts pertaining to commerce;

3: have the CILLS study team (which needs to be identified) reverse its priorities and start with recommendations of Mining Code Amendments from there perspective;

4: draft an Amendment and pass it to as many players as we can identify of having an interest in the Code - and I suggest these to be at least:

- * appropriate Government structures;
- * appropriate representatives of the legislative; representatives of the burkinabe legal profession; (this may be 'double employ', as they are already sitting in the Government sub-commission of economic legislation, but would indicate seriousness in requiring them to take responsibility in formulating Burkinabe laws - "my" project under the 'PID' (Credit 2478 - BUR);
- * all donors active in the country, whether industry financing or not;
- * representative mining industrialist (companies);
- * the regional organisations (Club de Sahel; CILLS; UOMA; etc, also to the Directorate for the Harmonization of the Commercial Law in Africa;

and

- * Malien and Ghanien Government officials (Ministers of Industry);

this list may well not be exhaustive,

for comment in a reasonable time span (like three months, I would say);

5: convene an 'atelier' or 'table ronde' in Ouaga where summaries would be presented of (i) the current Code; (ii) reasons for shortfall; (iii) proposal for amendment; (iv) comments received, and, notably, not received listing all parties addressed (above 4); a compromise proposed derived from a review of the original amendment and the comments, clearly indicating 'sticking points' beyond which the Bank would not advise retreating (not implement the project) - and see what the discussion yields.

Certainly representatives of all parties, and the Parliament, would need to be invited to such exercise.

At the end should some consensus emerge. Which, reedited, should be introduced into the legislative circuit and, if all had been managed correctly, not meet relevant opposition.

6: This may seem a cumbersome procedure, at first glance; however I believe that the advantages warrant the trouble and costs: Seriousness in the spirit of cooperation; seriousness in the effort to learn from others: seriousness in the effort to provide for the best possible regulation under the circumstances; and effectiveness in assuring that the resulting regulation will last for a considerable time; at least very strong argument in

opposing anybody's advance for further amendment unless
circumstances have considerably, and unpredictably, changed.

7. Whatever your opinion is as to this proposal: the real question
is: what happens now? Like to-day?

I understand Government acts under the present Code and is fully
legitimized to do so.

I assume you have an answer to this point and would appreciate
reading it.

Very truly
Hans-Werner

CC: SILVIA B. SAGARI

CC: WHITNEY FOSTER

CC: Jeffrey Lewis

CC: Albert Osei

(SILVIA B. SAGARI @A1@WBWASH)

(WHITNEY FOSTER @A1@WBWASH)

(JEFFREY LEWIS AT A1 AT BURKNA)

(ALBERT OSEI AT A1 AT BURKNA)

THE WORLD BANK/IFC/M.I.G.A.

Headquarters: Washington, D.C. 20433 U.S.A.

Tel. No. (202) 477-1234 // Fax Tel. No. (202) 477-6391 // Telex No. RCA 248423

FACSIMILE COVER SHEET AND MESSAGE

DATE: October 3, 1994

NO. OF PAGES:
(including this sheet)

MESSAGE NUMBER: \

TO

Name: Hans Werner Wabnitz (visiting)
Organization: c/o Resident Mission, Ouaga
CC: Ceslestin Bado/Jeffery Lewis

Fax Tel. No. 226 30 86 49
City: Ouagadougou
Country: Burkina Faso

FROM

Name: C. B. Andrews
Dept./Div. Industry and Mining Division
Room No. \

Fax Tel. No. 202 477 6619
Dept/Div No. \
Tel. No. \

SUBJECT: Burkina Mining

MESSAGE:

Hans:

Thanks for your very useful EM of 1 October on mining code reform in Burkina.

Your thoughts work in very well with the Dialogue and Mining Sector Policies and Strategies that we are planning to undertake using a PPF for the mining capacity building TA project. I had left terms of reference for this PPF at the resident mission (attached to the aide memoire). You may wish to look at these to see how the specific points you mention in your EM can fit into this dialogue. Celestin is coordinating with the Ministry and you can discuss with him the status of things (slow, I gather). It would also be useful to discuss this when you get back to Washington.

I attach herewith for your review some terms of reference for a consultancy study on artisanal mining in Burkina which we are undertaking as part of "own managed work" in IENIM. The study will be used as an example in a major work on artisanal mining and a round table on the subject early next year. These terms of reference are to hire a local consultant to accomplish the TORs under financing from the Norway Environment Trust Funds. I would appreciate any comments you, Celestin and Jeffery may have on the TORs.

Again, thanks for your very thoughtful EM. Let's follow up ASAP when you get back.

Best regards,

Craig

Transmission authorized by: \ _____
CC: Whitney Foster

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

1884 (2-90)

THE WORLD BANK/IFC/M.I.G.A.

Headquarters: Washington, D.C. 20433 U.S.A.

Tel. No. (202) 477-1234 // Fax Tel. No. (202) 477-6391 // Telex No. RCA 248423

FACSIMILE COVER SHEET AND MESSAGE

104/1

DATE: September 28, 1994

1994 OCT -4 PM 1:51
NO. OF PAGES: 8
(including this sheet) CABLE SECTION

MESSAGE NUMBER: \

TO

Name: Jeffery Lewis
Organization: Resident Mission

Fax Tel. No. 226 30 86 49
City: Ouagadougou
Country: Burkina Faso

FROM

Name: C.B. Andrews
Dept./Div. Industry and mining
Room No. \ 62057

Fax Tel. No. 202 477 6619
Dept/Div No. \ 613/10
Tel. No. \ (202) 473-4275

SUBJECT: Your request for mining environmental information

MESSAGE:

Hello Jeffery:

Only in the office one day this week but wanted to respond however slightly to your fax and EM.

The government published earlier this year a mining investment promotion guide to Burkina (copies available through UNDP mining program (Mr. Gal de Saint Pons) or the ministry). On one of the pages it shows a comparison between greenstone belts (Birrimian formations) in West Africa and Canada. These belts are the most prospective for gold mineralization and this map, in the absence of more detailed maps, as good as any in making a rough approximation. I can't say now whether the area you indicate on the map would be in prospective mining territory, though the greenstone belts probably run through it. I should also add that modern mining can be made minimally destructive to biodiverse areas; experience in Alaska, Botswana, and South Africa are cases in point.

As to our role, I have beefed up the environmental institutional strengthening section of my mining project. This is exactly the kind of question that has stymied the mining industry in other countries- because the government cannot make up its mind according to clear and consistent criteria. With this in mind, let me enlist your support and comments on the environmental (or other sections) of this draft IEPS. We are revising it presently to take into account the evolution in the project.

Many thanks for your help.

Best regards,

Transmission authorized by: 

Craig

you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

RECEIVED

94 OCT -4 AM 8:28

CABLE SERVICE SECTION

CABLE SERVICE SECTION

94 OCT -4 AM 8:28

THE WORLD BANK/IFC/M.I.G.A.

Headquarters: Washington, D.C. 20433 U.S.A.

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Dept./Div. Industry and mining
Room No. \ 62057

Fax Tel. No. 202 477 6619
Dept/Div No. \ 613/10
Tel. No. \ (202) 473-4275

SUBJECT: Your request for mining environmental information

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Transmission authorized by: 

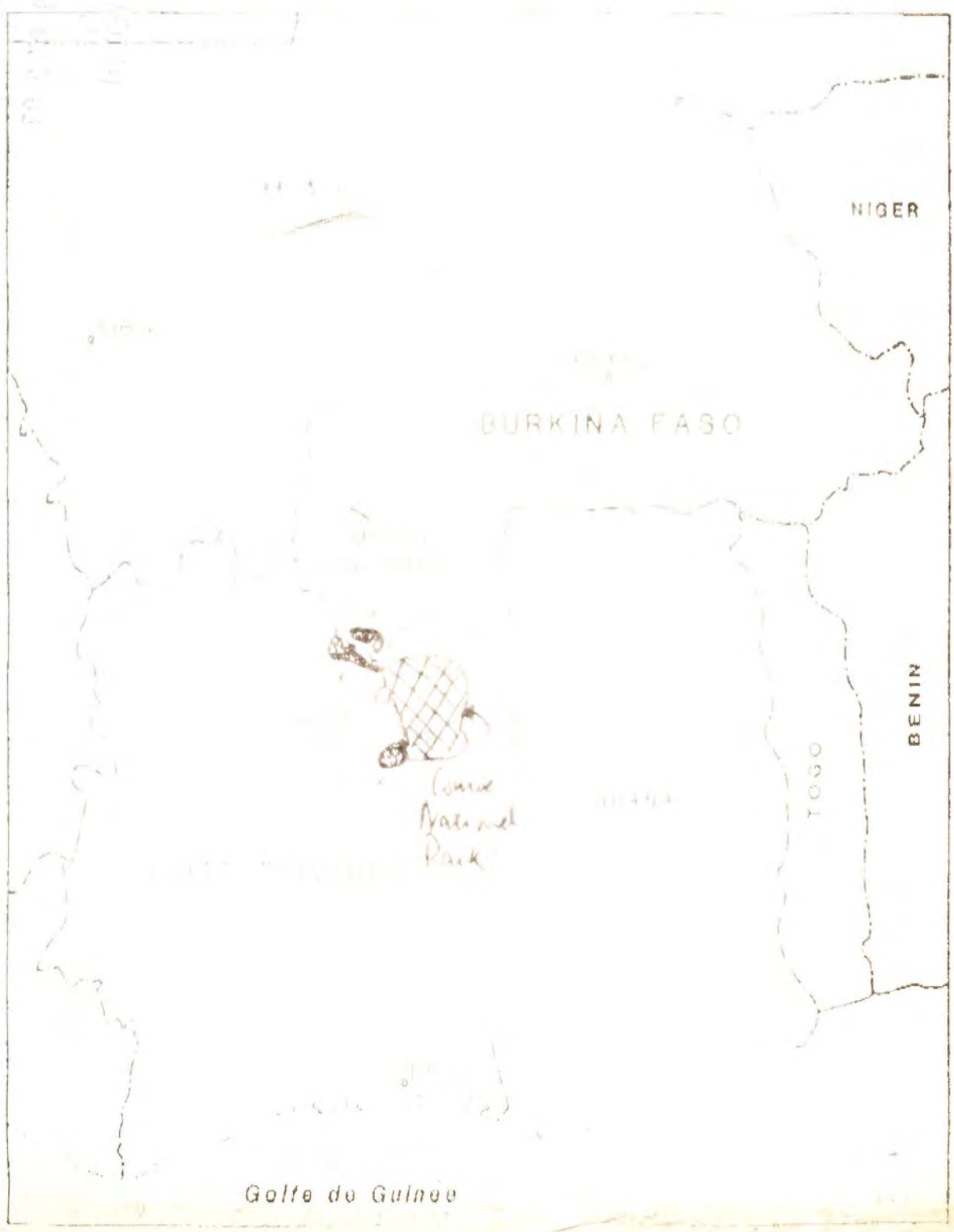
Craig

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

BURKINA FASO Gestion participative des ressources naturelles et de la faune (GEPRINAF)

Carte 1. Les sites retenus dans les deux pays

+ the Comoe National Park



IENIM

Industry and Mining

Copy to: Division Chief
Task Manager
Division File
Staff Office

RECEIVED

94 SEP 23 PM 2:07

IENIM
ROUTED TO

The World Bank/IFC/MIGA

OFFICE MEMORANDUM

DATE: September 23, 1994 11:56am

TO: CRAIG ANDREWS

(CRAIG ANDREWS @A1@WBHQB)

FROM: Jeffrey Lewis, AF5BU

(JEFFREY LEWIS AT A1 AT BURKNA)

EXT.: 30 62 37

SUBJECT: Priority Zones

Craig,

One of my colleagues, Jean-Michel Pavy, has just sent me a copy of a World Bank map "Priority Zones for Mineral Development: Precious Metals, Base Metals and Diamonds". It is very interesting. Even to someone not in the mining sector.

There is one tremendously bold line that starts in North-Central Cote d'Ivoire, just about at Dabakala, and runs a wobbly northeast track through the Comoe National Park, east of Banfora and Bobo Dioulasso and right up through Burkina past Koudougou. It ends right on the Mali-Niger-Burkina frontier north of Dori.

An area of considerable interest to myself, and those on the distribution list, is around the Cote d'Ivoire/Burkina Frontier. This is a regionally important area for Biodiversity and we have just completed the appraisal of a GEF funded project covering 400,000 ha in the very area covered by the "priority zone" swath.

Is there any chance that as an environmentally sensitive mining engineer you could lead us to find out more information of the "when, who, where, how" sort concerning any plans for possible mineral exploitation in this area. Also, anything you can let me have on Bank policy on mining in ecologically sensitive sites would be of interest. Obviously this is a very difficult and delicate issue for countries as poor as the ones we are working with.

I will send you a fax with a map of the areas we are interested in.

I look forward to hearing from you.

When are you next in Ouagadougou ?

Best Regards

Jeffrey

CC: CYNTHIA C. COOK

(CYNTHIA C. COOK @A1@WBWASH)

CC: JEAN-MICHEL PAVY

(JEAN-MICHEL PAVY @A1@WBHQB)

CC: JEAN-CLAUDE BALCET

(JEAN-CLAUDE BALCET @A1@IVOIRE)

DATE:

Official Cofinancing and Consultant Trust Funds (CFSOC)

TO: Peter Van der veen
Craig Andrews

RNI# G-2-035

RNI# G-2-057

YOUR CTF APPLICATION WAS:

☒

Approved

Returned

(see reason below)

☐

Not Approved

(see reason below)

Administrative Instructions for User Division

☐

Your Department/Division Code should be used in the "Managing Division" field

☐

Approved CTF Allocations under the new CTF System require at minimum three working days to become accessible for the user through the BAS System.

☐

Expiration Date of this CTF approval for funding is 7/31/95
All funds must be expensed prior to this date

☐

Please note that the Norway Consultant Trust Fund is maintained in Norwegian kroner and this allocation is being made in Norwegian kroner equivalent to the US\$ amount requested. It is the Task Manager's and the Managing Division's responsibility not to commit/disburse more than NOK 168,225-

☐
☐
☐
☐
☐
☐
☐

Application form incomplete

Funds not available at present

Assignment not eligible

Nationality / residency not eligible

Amount revised to conform to donor instructions

Paying days revised to conform to donor instructions

OTHER: _____

To 2nd names

☐
☐
☐
☐
☐
☐
☐

TOR &/or CV not attached

Country of assignment not eligible

Sector of assignment not eligible

Ex. Bank Staff not eligible

Contract must be issued in the name of the consulting firm

Based on Donor Government's final decision

OCT - 7 1994

Attachment

Request for Consultant Trust Funds

FOR USE BY CESOC

DATE: October 3, 1994

Date Received: _____

TO: Mr. MYUNG-KWU LEE

Approved: NOK 168.225

Date/Signature of Approval: 10/11/94

FROM: PETER VAN DER VEEN

Division Chief (Name and Signature)

Division: IENIM

Ext: 34242

Room No: G2-035

Log No.: _____

Managing Division: 61310

Name of CTF: (NORWAY TAGPE CTF - ENVIRONMENT)
SPECIAL TRUST FUND FOR ENVIRONMENT NORWAY

Source of Funds Code: TF031380

1. Name, nationality and address of regular residence of Consultant (Attach CV):

TO BE DETERMINED (INDICATIVE LIST IS ATTACHED)

2. If hired through a firm, name of firm and country where the firm is incorporated:

TO BE DETERMINED

3. Is the Consultant a former staff member of the Bank Group?

Yes ☐No ☒

4. Country/sector of assignment: BURKINA FASO

5. Task ID: LENA

Product ID: BF-PA-283 ✓

6. Nature of assignment (attach mission official TORs for all team members performing the task):

Economic Work ☐Sector Work ☐Preparation ☒Appraisal ☐Supervision ☐

7. Task Manager: CRAIG ANDREWS

IENIM

Ext: 34275

Room No.: G2-057

8. For Preparation and Appraisal work, please indicate whether the source of requested CTF would be a suitable source of Cofinancing. Yes ☐ No ☐

9. Number of paying days: 60 Dates of assignment: TO BE DETERMINED

10. Amount requested for the assignment (in US\$):

a. Fees (per POPAU): Daily Rate: \$250

b. Subsistence (Estimate): Daily Rate: \$120

c. Airfare (Class allowed by Bank)

d. Itinerary Survey fees

Itinerary to be determined

Total: \$15,000 (NOK 100,935)

Total: \$3,600 (NOK 24,224)

Total: \$3,400 (NOK 22,879)

\$3,000 (NOK 20,187)

TOTAL \$25,000*

11. Team Performing the Task (attach Task Staffing detail):

* NOT TO EXCEED NORWEGIAN
KRONER 168.225
(E.R. 10/10/94)TO BE DETERMINED
CTF Request Form 9/91

PROJET: SOUS RESERVE DE CONFIRMATION

REPUBLIQUE DU FASO

AIDE MEMOIRE: 22 JUILLET 1994

MISSION DU 18 AU 22 JUILLET 1994

PREPARATION DU PROJET DE CREDIT IDA: ASSISTANCE TECHNIQUE AU SECTEUR MINIER

Une mission conduite par Monsieur Craig Andrews, spécialiste minier de la division de l'industrie et mines, a eu lieu à Ouagadougou du 18 au 22 juillet. La mission a eu comme objectifs, 1) de discuter du projet de termes de référence concernant l'étude sur la commercialisation de l'or au Burkina et, 2) de discuter et de mettre au point les activités proposées dans le cadre des fonds pour la préparation du projet (PPF). Les buts de l'étude sur la commercialisation de l'or et du PPF sont d'aider le Gouvernement à s'engager sur les dispositions à prendre afin de remplir certaines conditions préalables de l'entrée en vigueur du crédit.

Durant la visite, la mission a eu des entretiens avec S.E. le Premier Ministre Monsieur Roch Marc Christian KABORE, S.E. le Ministre du Commerce et de l'Industrie, Monsieur Mohamed Souley ainsi que les responsables de la Direction de l'Energie et des Mines, le Bumigeb, et le CBMP. Par ailleurs, la mission a pu rencontrer les consultants chargés d'une mission d'évaluation d'un projet minier proposé au financement du Sysmin (CEE), un représentant d'une société désirant s'installer au Burkina pour offrir des services de laboratoire, et les représentants de plusieurs sociétés minières installées au Burkina, y compris le BHP Minérales et Anglo-américain Prospecting Services. La mission tient à remercier le Gouvernement pour son assistance et les intervenants Burkinabè pour leur coopération parfaite.

Suite à la dernière mission de préparation en mars 1994 certains points restaient en suspens, notamment une restructuration éventuelle du rôle du CBMP et les activités à entreprendre dans le cadre d'un PPF. Le Ministre du Commerce et de l'Industrie ainsi que le Directeur Général du CBMP, au cours d'une visite à Washington au mois du juin dernier ont convenu d'entreprendre une étude sur la commercialisation de l'or au Burkina. La mission exprime sa satisfaction d'accord commun établi sur les termes de référence pour cette étude (voir annexe). Les objets de cette étude sont les suivants :

- i) d'évaluer la commercialisation de l'or au Burkina, surtout en ce qui concerne les exploitations artisanales;
- ii) d'examiner les avantages et inconvénients du monopole de l'Etat pour l'exportation de l'or;
- iii) de déterminer les coûts réels de l'intervention du CBMP dans le secteur ;
- iv) de proposer des améliorations pour la commercialisation de l'or, y compris la suppression éventuelle du monopole et la restructuration des activités du CBMP.

La mission estime le coût de cette étude à environ US\$ 80.000 à 100.000 qui sera préparé par un Cabinet d'Audit et Conseil en Gestion internationalement reconnu en association avec les consultants locaux. Les

équipes de ce cabinet seraient renforcées éventuellement par un ou deux consultants en exploitations artisanales sur financement des "trust funds" restant à la disposition de la Banque.

Il serait souhaitable de procéder le plus rapidement possible à la réalisation de cette étude.

Concernant les activités du PPF, les intervenants ont convenus des termes de référence et des procédures à suivre afin de réaliser le PPF. Les fonds PPF seront utilisés pour financer l'intervention des consultants internationaux et locaux, organiser les ateliers et les délibérations sur les différents aspects de l'industrie minière, la formation des responsables gouvernementaux en la matière, et la programmation de l'assistance technique dans les volets prévus dans l'exécution du projet. La durée des activités PPF est estimée à 6 mois ; le coût est estimé à US\$ 700.000. Un coordonnateur local devrait être nommé pour la gestion du PPF. En outre de l'étude sur la commercialisation de l'or décrite ci-dessus, le PPF aidera le Gouvernement à préparer un document sur la politique et stratégie minière et à la révision de la législation minière.

Le document sur la politique et stratégie sera éventuellement publié par le Gouvernement et servira comme base pour l'élaboration de la nouvelle législation minière ainsi que les réformes sur le régime fiscal portant sur l'industrie minière au Burkina. Plusieurs études seront entreprises ; des ateliers et des séminaires organisés sur les aspects pertinents, tels que (non-limitatif) :

- i) les rôles respectifs de l'Etat et le secteur privé, y compris la participation de l'Etat dans le capital des sociétés minières;
- ii) l'organisation institutionnelle et les fonctions et responsabilités des organes de l'Etat intervenant dans le secteur;
- iii) la fiscalité minière, y compris les recommandations en ce qui concerne le BIC et le IRVM ainsi que les redevances minières ;
- iv) les exploitations artisanales et les petites mines ;
- v) les coûts de production, y compris une comparaison avec les pays de la sous-région et dans d'autres pays.

Les révisions et réformes sur la législation sont essentielles afin d'attirer les investisseurs privés locaux et internationaux et de leur assurer des conditions stables de travail. Il s'agit de réformer l'ensemble des dispositifs réglementaires et législatifs régissant le secteur minier tels que la loi fondamentale (code minier), les décrets d'application, les conventions d'établissement, et éventuellement le code d'investissement minier. Le PPF prévoit une assistance technique d'un juriste international spécialisé dans la législation minière ainsi que les juristes locaux en la matière. En même temps, il serait possible que les juristes donnent une assistance dans les négociations avec les investisseurs afin d'accélérer le processus de négociation et de s'assurer que les dispositions des conventions conformes aux révisions de la législation et aux politiques arrêtées.

La mission remarque un rapprochement entre les positions du Gouvernement et de la Banque sur certains aspects de la situation minière dans le pays. Les réformes entamées dans l'organisation du Bumigeb semblent aller dans le sens du rôle de superviseur et régulateur du secteur, et non comme intervenant direct dans les activités de la recherche détaillée ni des opérations d'exploitation. Le projet peut apporter une aide considérable pour effectuer cette transformation. L'étude sur la participation de l'Etat dans le capital des sociétés minières montrera les avantages et les inconvénients d'une telle participation. Il est

à souhaiter que les dispositions juridiques, financières, fiscales, douanières, parmi d'autres, peuvent figurer dans la législation régissant les investissements dans le secteur. Dans ce cas, il n'y aura pas besoin de négocier les dispositions spéciales avec chaque investisseur et réduira le temps nécessaire à réaliser les investissements. Les industries connexes à des activités d'exploration et d'exploitation (par exemple, les services de laboratoire, d'entretien, de forages, etc.) devraient bénéficier de certaines dispositions de la fiscalité et la législation minière dans les conditions restant à définir. Le Gouvernement devrait apporter une attention particulière au respect des obligations convenues avec les opérateurs miniers, notamment en ce qui concerne les programmes de travail, les engagements financiers, la quittance des taxes superficielles et ad valorem. La mise en place d'un système d'octroi et de gestion des titres qui soit efficace, simple, transparent, et rapide est essentiel. Le Gouvernement devrait également apporter une attention particulière aux conditions de travail des entreprises minières, notamment la mise en vigueur effective des avantages douanières, fiscales et autres qui leurs sont accordées. Il est à souligner que le Burkina Faso a pu bénéficier d'un intérêt considérable manifeste par les investisseurs ces derniers mois ; il est essentiel que cet intérêt soit maintenu et que le Gouvernement évite la remise en cause des conventions conclues avec les investisseurs.

PROJET DU 22 juin 1994

BURKINA FASO

PROJET MINIER : ACTIVITES POUR LA PREPARATION DU PROJET (PPF)

Dans le cadre de la préparation du crédit IDA pour le secteur minier au Burkina, il serait souhaitable de prendre une avance du crédit (PPF) afin de financer certaines activités. Les fonds PPF seront utilisés pour financer l'intervention des consultants internationaux et locaux, organiser les ateliers et délibérations sur les différents aspects de l'industrie minière, la formation des responsables gouvernementaux en la matière, et la programmation de l'assistance technique dans les volets prévus dans l'exécution du projet. La durée totale du PPF est estimée à 6 mois.

Afin d'assurer le déroulement des activités PPF il serait nécessaire que le Gouvernement nomme un coordonnateur local. Le coordonnateur local aura pour tâches :

- d'assurer la coordination des différentes activités du PPF ;
- d'assurer la coordination entre le "groupe de travail", le Gouvernement et la Banque ;
- d'organiser les divers ateliers, les programmes de formations, et les études ;
- d'assister le "groupe de travail" à rédiger et préparer le document sur la politique et la stratégie minière ;
- préparer les termes de référence, les listes restreintes, les lettres d'invitation, et les contrats avec les consultants, conformément aux règles en matière de Banque ;
- de gérer les finances du PPF, les paiements aux consultants, l'acquisition des équipements et matériels, l'embauche du personnel, etc., conformément aux règles du Gouvernement et de la Banque.

Le coordonnateur local sera recruté par le Gouvernement pour la durée du PPF. Le candidat serait une personne dynamique ayant une expérience dans l'industrie minière dans les services d'Etat et/ou les sociétés privées ; la personne aura progressivement occupé les positions dans l'Administration ou le secteur privé et aura une connaissance parfaite des problèmes et facteurs spécifiques au secteur ; la personne aura l'aptitude pour l'organisation des études, ateliers, et autres activités prévues dans le PPF. Le coordonnateur devrait être disponible à plein temps pour le PPF ; pour cette raison il est fort possible que la personne serait détachée du service permanent du Gouvernement ou un consultant local.

Les activités du PPF se décomposent en trois :

- 1) préparation d'un document sur la politique et stratégie minière ;
- 2) révision de la législation minière ;
- 3) l'étude sur la commercialisation de l'or au Burkina Faso.

Les détails et les termes de référence de ces activités sont détaillés ci-dessous.

1) Document sur la Politique et Stratégie Minière

Un échange de vues a déjà eu lieu entre le Gouvernement et la Banque concernant le document de la politique et Stratégie Minière. Toutefois, la dernière version du Gouvernement ne semble pas répondre à toutes les préoccupations de la Banque, en ce qui concerne notamment la participation de l'Etat au capital des sociétés minières, la réforme des institutions, et le rôle du CBMP. De plus, la version ne traite pas les aspects fiscaux ou financiers. Donc, le document soumis par le Gouvernement à la Banque mérite d'être développé et complété sur certains aspects. Pour ce faire, il serait souhaitable que les principaux responsables du secteur puissent avoir connaissance des informations sur les pratiques internationales en la matière.

Objectifs

- A) Préparer une déclaration claire et cohérente sur la politique minière du Gouvernement et les objectifs visés en matière de développement du secteur ainsi que les mesures incitatives pour mieux attirer les investisseurs privés.
- B) Préparer une stratégie cohérente en vue de réaliser cette politique minière et ses objectifs ; Préparer un plan d'actions à court et long terme pour atteindre les objectifs définis ; programmer une assistance technique au secteur ;
- C) Sensibiliser et former les principaux responsables du Gouvernement dans les meilleures pratiques internationales du secteur minier à travers une série d'études et d'ateliers ainsi que des visites à l'extérieur du Burkina dans les pays à vocation minière.

Tâches

La réflexion mettra l'accent sur :

- une description et explication du secteur et les milieux d'investissement miniers internationaux : petites et grandes sociétés, marchés internationaux, évaluation économique et financière des projets et gisements ;
- la position compétitive des opérations minières existantes ou potentielles du Burkina vis-à-vis des concurrents sur les plans internationaux, sous-régionaux, et locaux ;
- les rôles de l'Etat et le secteur privé, y compris une étude approfondie sur la participation de l'Etat au capital des entreprises minières, la privatisation des entreprises de l'Etat, et les possibilités de mobiliser les fonds d'investissement aux bourses locales et étrangères ;
- les droits miniers : politiques, instruments, implications pour les institutions de surveillance;
- la structure, l'organisation, et le rôle des institutions étatiques à promouvoir, régler, et superviser le développement du secteur ; les réformes institutionnelles à entreprendre ; les relations et rôles des institutions aux niveaux nationaux et provinciaux ; il est à signaler que

le Gouvernement est en train d'entreprendre certaines réformes dans l'organisation et les fonctions du Bumigeb ;

- la gestion des titres miniers, obligations et engagements de l'Etat et les titulaires, l'accès et la détention des titres miniers et des installations minières par les sociétés locales ou étrangères ;
- les formes et l'organisation de la législation minière et les limites aux pouvoirs discrétionnaires du Gouvernement ;
- les effets connexes aux activités minières sur d'autres secteurs économiques, y compris l'emploi, les revenus d'exportation et fiscales ;
- la compétitivité sur le plan international du régime fiscal burkinabè ;
- protection de l'environnement et des impacts de l'industrie minière sur l'environnement ;
- l'usage rationnel des ressources du sous-sol, l'importance de l'infrastructure, maximalisation de la valeur des ressources ;
- les coûts opératoires et leur importance sur la compétitivité de l'industrie : coût d'énergie, force ouvrière, intrants à la production ; problèmes d'organisation et gestion des entreprises dans le contexte local ; facteurs locaux tendant à augmenter les coûts de production ;
- analyse et évaluation des textes connexes à l'industrie : code commercial, code du travail, etc...
- l'orpaillage, petites mines, exploitations traditionnelles ; cadre juridique et fiscal portant sur ces opérations ; expérience dans d'autres pays ;
- la conformité du régime fiscal Burkinabè avec les standards et pratiques internationales ;
- les taxes et charges fiscales frappant le secteur minier, en particulier les redevances ad valorem sur la production et son mode de calcul (valeur brute, valeur raffinerie nette, etc), les redevances superficielles, les droits d'octroi, et autres charges fiscales spécifiques au secteur minier ; la comparaison avec d'autres pays et la pratique internationale ;
- le plan comptable actuellement en vigueur et déterminer sa compatibilité avec la pratique internationale dans l'industrie minière ; analyser les spécificités au secteur tels que la provision pour reconstitution du gisement, l'amortissement, l'enregistrement des ventes et d'inventaires, les frais déductibles, la capitalisation des dépenses, etc.
- les charges et les taxes diverses frappant les intrants et sortants de la production, tels que les droits de douane, les charges à l'exploitation, les droits de sortie, les taxes à l'enregistrement, et autres;
- les taux, l'assiette, et méthodes d'imposition du régime fiscal général et les comparer avec la pratique internationale ; les taux marginaux effectifs d'imposition seront calculés et comparés à d'autres pays ; toutes les taxes seront prises en compte, tels que le BIC, les

taxes sur les dividendes, les droits d'enregistrement et de timbre, les taxes pour les services rendus, et autres; et les méthodes de calcul de l'assiette ;

- les effets du régime fiscal sur les taux de rentabilité dans le secteur minier, déterminer si les exonérations et d'autres mesures fiscales sur l'exploitation rationnelle des gisements (l'écroulage) et le transfert net des recettes fiscales du Burkina au pays d'origine de l'investisseur ;
- les structures et capacités des services de l'Etat chargés d'appliquer le régime fiscal ;
- les besoins en formation et soutien logistique/matériel/informatique, afin de renforcer la capacité de remplir les fonctions ;
- les réformes fiscales à entreprendre et estimer les ressources (humaines, financières) pour accomplir les réformes.

Organisation de la Réflexion

Un "groupe de travail" sera constitué sous la responsabilité du Ministère de l'Industrie et du Commerce. Il comprendra le Ministère de l'Industrie et du Commerce (Direction de l'énergie et des mines, BUMIGEB, CBMP, SOREMIB), le Ministère des Finances (Direction des Impôts, des Domaines, Douanes, Ecole de Régie Financière), le Ministère de l'Environnement, la Primature, etc. Les tiers intéressés (sociétés privées, particuliers dans le secteur, organisations intergouvernementales, etc...) seront également invités à participer. Le groupe sera chargé de la préparation de la Déclaration de la Politique Minière et Stratégie Minière à mettre en oeuvre pour le secteur, ainsi que du plan d'action pour les activités futures. Après approbation par les autorités compétentes (Conseil de Ministres), cette déclaration sera publiée.

Dans ses délibérations, le groupe sera assisté par des consultants internationaux et locaux. Les consultants aideront le groupe à :

- préparer les études et documents de base sur certains aspects tels que la fiscalité minière, l'organisation des institutions, la participation de l'Etat dans le capital des sociétés minières, les facteurs opératoires dans l'industrie minière ;
- organiser les ateliers, les séminaires et les discussions sur les différents aspects (cadre juridique, coûts opératoires, fiscalité, rôle de l'Etat, compétitivité, institutions) ;
- la formation et sensibilisation des responsables dans les meilleures pratiques internationales; la formation se fera au Burkina et, éventuellement, à l'étranger ;
- la préparation de la déclaration de politique minière, d'une Stratégie et plan d'action pour le secteur.

La réflexion touche les autres activités prévues dans le cadre du PPF. Il sera donc nécessaire d'assurer une coordination étroite entre toutes ces activités, en particulier les consultants concernés par la révision de la législation minière doivent être impliqués dans la réflexion. La période de dialogue est estimée à trois mois.

Personnel

2) Révision de la Législation Minière

Objectifs

- 1) Réviser et promulguer des nouveaux dispositifs réglementaires et législatifs régissant le secteur minier, tels que :
 - la loi fondamentale ;
 - son décret d'application ;
 - un modèle du contrat d'investissement ;
 - le code des investissements miniers.

Nature et Description du Projet

Dans la pratique internationale la Législation minière établit un système de droit par lequel les ressources minières, qui sont la propriété de l'Etat, peuvent être confiés à des personnes physiques et morales qui désirent les explorer et exploiter. La législation existante au Burkina, malgré les révisions subies à plusieurs reprises, mérite d'être complétée et amplifiée sur certains aspects, y compris la transformation des activités de recherche en activités d'exploitation, les limites aux pouvoirs discrétionnaires de l'Etat, la conception de la Fiscalité, parmi d'autres aspects, afin de le rendre plus attrayant aux investisseurs.

Cette activité du PPF financera la révision des textes existant en la matière et la rédaction de nouveaux textes par les experts juridiques internationalement reconnus en association avec les juristes locaux et les responsables du Gouvernement. Les Résultats seront une loi fondamentale (Code Minier), les textes réglementaires (décret d'application), un modèle du contrat d'investissement, et un renforcement/révision sur le code des investissements miniers qui soient compétitif et moderne vis-à-vis d'autres pays à vocation minière. Cette législation sera basée sur la Déclaration de la Politique et Stratégie Minière et traitera des aspects tels que la juridiction sur les ressources, la détention des propriétés minières, les droits de la recherche et d'exploitation, les engagements (et leur surveillance) du titulaire d'un permis, les petites mines et d'exploitations artisanales, le traitement et transformation des minéraux, la protection de l'environnement, le transport et entreposage et commercialisation des minéraux, l'arbitrage, etc. Le décret d'application spécifiera les procédures administratives, l'organisation et le fonctionnement du Code Minier ; cet aspect est important étant donné que les réformes institutionnelles seront entreprises pendant l'exécution du crédit. Le modèle du contrat d'investissement adressera les aspects d'un intérêt particulier aux investisseurs qui ne sont pas traités dans les textes, tels que le régime d'échanges, l'accès aux devises, les comptes fiduciaires, la provision de reconstitution des gisements, l'amortissement des investissements, les procédures comptables, etc... Parallèlement, les textes connexes au secteur, tels que le code du commerce, l'organisation commerciale, le code de travail, le code de l'environnement, seront étudiés.

Des consultants internationaux et locaux aideront les autorités burkinabè à réviser les textes existants et à préparer les nouveaux textes. Les consultants séjourneront dans un premier temps au Burkina afin de prendre connaissance des conditions locales, de la législation existante, et participer à la réflexion sur la politique minière. Ils s'associeront avec un cabinet juridique local afin de mieux harmoniser les travaux et d'assurer un suivi effectif. A la fin de cette période initiale, les consultants aideront leurs homologues burkinabè à préparer un projet de révision à apporter aux textes existants, décret d'application, et modèle du contrat d'investissement. Ces projets seront soumis au Gouvernement et à la Banque pour étude et avis. Une deuxième visite au Burkina sera nécessaire pour le suivi de commentaires et recommandations et à la préparation des textes définitifs.

Les principales spécialités requises sont :

- 1) Chef d'équipe ; spécialiste en politique et stratégie minière ; organisation et gestion des institutions ;
- 2) Economiste minier ; évaluation des projets ; analyste financier ;
- 3) Spécialiste en régulation minière ; gestion des titres miniers ;
- 4) Spécialistes en fiscalité et comptabilité minière ;
- 5) Spécialiste en exploitations artisanales et de l'environnement.

Résultats

- a) Une Déclaration de la Politique Minière
- b) Une Stratégie et un Plan d'Actions

2) Révision de la Législation Minière

Objectifs

- 1) Réviser et promulguer des nouveaux dispositifs réglementaires et législatifs régissant le secteur minier, tels que :
 - la loi fondamentale ;
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minières, les droits de la recherche et d'exploitation, les engagements (et leur surveillance) du titulaire d'un permis, les petites mines et d'exploitations artisanales, le traitement et transformation des minéraux, la protection de l'environnement, le transport et entreposage et commercialisation des minéraux, l'arbitrage, etc. Le décret d'application spécifiera les procédures administratives, l'organisation et le fonctionnement du Code Minier ; cet aspect est important étant donné que les réformes institutionnelles seront entreprises pendant l'exécution du crédit. Le modèle du contrat d'investissement adressera les aspects d'un intérêt particulier aux investisseurs qui ne sont pas traités dans les textes, tels que le régime d'échanges, l'accès aux devises, les comptes fiduciaires, la provision de reconstitution des gisements, l'amortissement des investissements, les procédures comptables, etc... Parallèlement, les textes connexes au secteur, tels que le code du commerce, l'organisation commerciale, le code de travail, le code de l'environnement, seront étudiés.

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Personnel

- 1) Un juriste, internationalement reconnu et ayant une grande expérience dans la législation minière, les décrets d'application, et les modèles de contrat d'investissement ;
- 2) Deux juristes locaux, expérimentés dans la rédaction des textes législatifs et réglementaires ;

Durée : Trois mois

3) L'Etude sur la Commercialisation de l'Or

Généralités

En 1993, le Comptoir Burkinabè des Métaux Précieux a acheté environ 928,29 kilogrammes d'or extraits du sol par les orpailleurs artisanaux du Burkina Faso. Combinée avec la production industrielle de la mine d'or de Poura achetée par le CBMP, qui s'élève à environ 689,27 kilogrammes en 1993, la production aurifère du Burkina Faso traversant le CBMP est 1.618 kilogrammes d'or qui aurait une valeur brute sur le marché mondial de 5,3 milliards de francs CFA, soit environ US\$ 19,3 millions. En 1993 le CBMP exportait 1.934,70 kilogrammes pour une valeur de 6.4 milliards de francs CFA, soit environ US\$ 23.2 millions. Ces montants représentent la production déclarée officiellement ; par ailleurs, selon les informations il faudrait prendre en considération une quantité substantielle d'or qui est commercialisée par le biais de réseaux non officiels et dont la valeur ne peut être facilement évaluée par le Gouvernement.

Afin d'augmenter les recettes provenant des exploitations aurifères et de mieux contrôler les sorties clandestines d'or, le Gouvernement a créé, en 1986, le Comptoir Burkinabè des Métaux Précieux

(CBMP, Kiti No. 86-191/CNR/PRES/PRECO). Le CBMP détient le monopole sur l'exportation de l'or au Burkina ; le CBMP est tenu de racheter, à la demande, toute quantité d'or qui lui serait présentée. Le CBMP achète l'or directement aux producteurs artisanaux ainsi qu'à l'unique producteur industriel, la SOREMIB. De plus, en raison de son statut de monopole, d'autres investisseurs étrangers ont signé des accords pour utiliser les services du CBMP pour l'exportation de l'or. Le capital social du CBMP est CFA 100,000,000, détenu dans sa totalité par le Gouvernement.

Le prix payé par le CBMP aux artisans est fixé par décret et il est proportionnel au prix du marché de Londres. Le CBMP achète l'or en déduisant ses frais généraux, les commissions, la taxe d'orpaillage, et la redevance minière. De ce fait, les prix offerts aux artisans par les agents agréés du CBMP correspondent à 55 % et 60.5 % du prix international selon qu'il s'agit de l'or en poudre ou de l'or des alluvions ; pour les projets organisés et les intermédiaires agréés le prix proposé varie pour le gramme d'or entre 75% et 80% du prix international. En plus du réseau d'acheteurs et d'agents du CBMP, il existerait de nombreux négociants non autorisés qui achètent et exportent clandestinement l'or.

Le Gouvernement a décidé d'entreprendre une étude sur la commercialisation de l'or au Burkina. Le but de cette étude est d'évaluer la commercialisation de l'or au Burkina, surtout en ce qui concerne les exploitations artisanales ; d'examiner les avantages et inconvénients du monopole de l'Etat pour l'exportation de l'or ; de déterminer les coûts réels de l'intervention du CBMP dans le secteur ; et de proposer des améliorations pour la commercialisation de l'or, y compris la suppression éventuelle du monopole et la restructuration des activités du CBMP. Le Gouvernement autorisera les visites sur les chantiers et l'accès aux comptes et informations nécessaires à la réalisation de cette étude. En tant que de besoin, les agents du CBMP pourront être associés à l'étude.

Tâches

Les experts auront pour tâches :

- i) l'étude des circuits formels et informels de commercialisation de l'or en provenance des exploitations artisanales ; ce qui exigera une recherche approfondie sur les chantiers et dans les milieux commerciaux impliqués dans ce commerce, dans le Burkina ainsi que dans les pays limitrophes ;
- ii) de comparer les prix offerts dans les réseaux formels et informels, les méthodes de calculs des prix, les différentes structures d'achat de l'or au Burkina Faso avec les pays de la sous-région (Mali, Togo, Ghana, Zimbabwe, etc.) ainsi que sur le plan international (Amérique latine) ;
- iii) de déterminer les effets positifs et négatifs, les coûts et les bénéfices de la structure du prix d'achat et du monopole d'exportation attribué aux organes publics, y compris les effets sur l'incitation à la fraude, sur les revenus des exportations et sur les revenus fiscaux ; comparée la situation existante avec celle de la période avant la création du CBMP.
- iv) d'évaluer les coûts en bénéfices du monopole du CBMP sur le plan budgétaire du ministère et du trésor public, y compris les impacts financiers du CBMP sur trésor public ; comparer les activités actuelles avec les statuts, notamment en ce qui concerne

les flux financiers, les créances, les engagements de vente, les dépenses, les investissements (actuels ou envisagés) etc...

- v) en prenant l'hypothèse d'une suppression du monopole et de la libéralisation du prix payé pour l'or, préparer les simulations (scénarios optimistes, moyennement optimistes et pessimistes) de l'impact sur la production, les exportations, les recettes fiscales, la fraude, etc... ; évaluer les moyens financiers à mettre en place pour amoindrir l'impact de la suppression sur les revenus de l'Etat ;
- vi) d'effectuer un audit des états financiers du CXBMP conformément aux normes comptables internationales au 31 décembre 1993 ; examiner les états financiers des années précédentes et comparer les tendances ; cette évaluation comprendra une étude critique des structures de contrôle interne et des procédures de comptabilité qui ont servies comme base pour la préparation des états financiers ;
- vii) évaluer les relations entre le CBMP et d'autres organes publics, parapublics et les entreprises privées ;
- viii) d'évaluer le rôle joué par le CBMP sur le plan technique (encadrement, gestion des parcelles, etc...) dans les chantiers artisanaux ; si le CBMP n'existait pas, quelle autre entité ou quel autre organisme pourrait assumer ces responsabilités techniques ;
- ix) de proposer, recommander et estimer l'impact économique des alternatives à la commercialisation de l'or tels que la suppression du monopole, la libéralisation des prix, le rôle du CBMP comme agence de contrôle statistique et de surveillance, l'autorisation des comptoirs privés d'achat, la restructuration et/ou liquidation du CBMP, le maintien du statu quo, selon les résultats de l'étude.

Résultats, Organisation et Durée

L'étude nécessitera un travail de 8 hommes-mois, composée des experts internationaux et locaux. Les experts internationaux seront assistés par des homologues Burkinabè et des enquêtes sur les chantiers seront organisées par des bureaux d'études locaux. L'étude durera 4 mois.

Un rapport préliminaire doit être soumis au Gouvernement et à la Banque dans un délai de deux mois. Ce rapport préliminaire comprendra :

- les résultats préliminaires de l'étude ;
- l'analyse des scénarios et des alternatives pour la commercialisation de l'or ;
- les recommandations concernant les réformes à entreprendre.

Après une période de réflexion pendant laquelle les consultants discuteront de leur rapport avec les diverses autorités et de la Banque, le rapport définitif devra être déposé à la fin du quatrième mois. Le rapport définitif prendra en compte les commentaires du Gouvernement et de la Banque.

Personnel

Un cabinet d'expertise comptable et conseil en gestion internationalement reconnu sera recruté pour cette étude. Le cabinet s'associera avec un cabinet d'audit/comptable local et prendra les consultants locaux qualifiés pour certaines tâches. Le cabinet est invité à proposer les expertises en comptabilité et gestion internationales et locales requises, la nature et durée de leurs interventions, et les profils et les qualifications proposées.

L'équipe des spécialistes comptables sera renforcée par un expert en matière de commercialisation de l'or. L'expert, qui sera proposé par le cabinet, aura une expérience des exploitations artisanales/petites mines en Afrique, l'Amérique Latine et ailleurs, les réseaux formels et informels de commercialisation de l'or, la détermination du prix à payer pour les diverses qualités dans plusieurs pays et les différentes méthodes de contrôle, par les Gouvernements, sur le commerce du secteur. Les consultants locaux ayant une expérience de la commercialisation de l'or artisanal au Burkina ou ailleurs en Afrique, seront recrutés comme enquêteurs et chercheurs dans les milieux artisanaux.

Indépendamment de ce contrat et faisant objet d'un financement séparé, un bureau d'études spécialisé en mines à petites échelles et les exploitations artisanales sera engagé pour collaborer avec les consultants pour réaliser certains aspects de l'étude.

Durée : Huit mois.

ESTIMATION DES COUTS DU PPF

Note : Ces estimations sont a revoir. 22 juillet 1994.

ELEMENT/SPECIALITE	HOMME MOIS	COUT H/M (US\$)	COUT TOTAL	TOTAL
Réflexion				
Economiste Minière	2 h/m	22.000	44.000	
Spécialiste institutions	4 h/m	22.000	88.000	
Réglementation minière	2 h/m	22.000	44.000	
Orpaillage/environnement	2 h/m	22.000	44.000	
Consultants locaux	12 h/m	2.000	24.000	
				244.000

Reforme Juridique				
Avocat/Juriste	2 h/m	30.000	60.000	
Juristes locaux	4 h/m	5.000	20.000	80.000
Evaluation du CBMP				
Comptable senior	1,5	30.000	45.000	
Spécialiste gestion	1,5	30.000	45.000	
Consultants locaux	3	5.000	15.000	105.000
Fiscalité				
Spécialiste fiscalité Général	2 h/m	30.000	60.000	
Spécialiste fiscalité mines	2 h/m	30.000	60.000	
Spécialiste comptable mines	2 h/m	22.000	44.000	
Consultants locaux	6 h/m	5.000	10.000	174.000
TOTAL DES HONORAIRES				639.000
AUTRES FRAIS				
Voyages Internationaux	16 AR	5.000	80.000	
Per Diem	378 jours	US\$ 200/j	75.000	
Frais Fonctionnement				
Coordonnateur	6 mois	\$2.000	\$12.000	
Locaux			10.000	
Logistique			10.000	
Formation			50.000	
TOTAL FRAIS				247.000
TOTAL				876.000

OFFICE MEMORANDUM

C. Andrews

DATE: August 17, 1994

TO: Silvia Sagari, (AF5IE); Peter van der Veen (IENIM)

FROM: C.B. Andrews, IENIM

EXTENSION: 34275

SUBJECT: Mission to Burkina Faso: Preparation of Mining Sector Credit

1. We may be making some small progress in the preparation of this IDA credit for technical assistance to the mining sector. During this mission agreement was reached on the terms of reference for a PPF and discussions are continuing between the resident mission and the government on the procedures to prepare the request. The PPF will also be discussed with relevant Bank staff after their return from the August holiday.

2. Following my last mission in March I was concerned that the ministries involved, while they obviously wanted the project, did not seem to be willing to consider critical policy changes. In order to build government ownership for the project and to deepen the government's understanding of the potential impact of the policy reforms, a PPF was proposed. The PPF would fund technical assistance, studies, seminars, and other training oriented around three principal elements: i) a dialogue on mineral policies and strategies; ii) reform of the minerals legislation including the fundamental law, application decree, and model investment agreement; iii) a technical/economic/financial evaluation of the state gold export monopoly, CBMP; and iv) studies of fiscal reform measures to be undertaken. Draft terms of reference for the PPF were discussed with the government in March but no further progress was made during the ensuing months.

3. The principal stumbling block has been the evaluation of CBMP. In June, the new Minister of Mines, Mr. Mohamed Souley, as well as the director of CBMP, Mr. Salif Lamoussa Kabore, visited IENIM in Washington.* After this meeting it was decided to enlarge the scope of the proposed technical/economic/financial evaluation of CBMP to include the purchasing, marketing, and exports of gold in the country. Terms of reference for the study were modified accordingly and discussed extensively with the government during this mission. CBMP and the ministry are not thrilled with the idea of an evaluation but, following the mission discussions, consensus was reached to proceed with a study conducted by an internationally recognized auditing firm. The terms of reference for this study as well as the other components of the PPF are summarized in and annexed to the Aide Memoire.

4. Concerning other policy aspects, the government appears willing to consider again its current policy of requiring upto 35% state ownership of the capital stock of mining companies (15% carried interest plus 20% buy in). It was decided that a special study on state participation be conducted within the context of the policy dialogue in the PPF. The government has also been moving these past months to reorganize the functions of Bumigeb. As explained to the mission, the re-organization will clearly distinguish the regulatory from operating roles of the government,

put the accent on regional geology survey work, and create a separate self-financing entity for the sale of drilling and exploration services. During the PPF technical assistance will be provided to assist in the design of this new institutional structure. The government also appears in agreement with the premiss that the fundamental legal and fiscal conditions pertaining to mining investment should be embodied in the legislation rather than negotiated on a case by case basis with each new investor. The PPF will provide legal technical assistance for revising the mining investment law and other mining legislation. Studies of mining related fiscal conditions will also be undertaken during the PPF, though in view of other Bank and IMF projects on fiscal reform, a separate component of the PPF initially conceived for this purpose has been dropped. I wish, however, to repeat once again the importance of general fiscal reform in Burkina for the mining industry. In particular, the rates of income and dividend taxation remain unacceptably high in relation to current international levels.

5. I met with two consultants to the EEC who were in Ouaga to assess Burkina's application for Sysmin funds to conduct geophysical airborne surveys of the west of the country. Adequate geophysical coverage and survey programs are essential if the country is to continue to attract investment and vastly improve the chances that mineral occurrences will be found and put into production. Originally, the Bank project had also proposed funding geophysical surveys. In discussions with the EEC consultants as well as the responsible officials in Brussels it has been decided to coordinate efforts in this respect. We will remain in close contact to ensure that funds are not allocated to the same purpose.

6. There are currently about 14 companies with exploration permits pending in Burkina, including Anglo-American, BHP Minerals, Bolliden, Randgold, Newmont, Billiton and several Canadian juniors. If all of the permits are granted, exploration expenditures could be more than US\$10 million in 1994. The frenzy of permit applications since late last year has simply overwhelmed the regulatory framework and institutional capacity of the government to cope. This situation has made even more apparent the need for appropriate government structures in respect of mining title processing, vigilant surveillance of work obligations and payment of taxes, and the creation of a proper recording/cadastre system. For instance, the National Assembly deferred ratification of the investment agreement of at least one company even though this agreement had been laboriously negotiated at all relevant levels and approved by the council of ministers. Companies also complain that even though customs and duty benefits are included in the Mining Investment Act effective application of these benefits is difficult. Finally, pending permit applications have been taken in hand by the Prime Minister's office. The ostensible purpose is to allow more time to evaluate the bonafides of the permit applicants but is resulting in delays in permit approval. The investment community does not have infinite patience nor a limited number of countries in which to invest. Burkina must quickly come to grips with the current hiatus in order to retain the investment it has thus far attracted.

7. Attachments:

Annex 1: Persons Met

Annex 2: Aide Memoire and Terms of Reference for PPF

* Present at this meeting were:

Messrs./Mmes./Mlles. Souley, Kabore; Andrews, van der Veen, Barry, Doize, and Novaes.

cc: Messrs./Mmes.: Ignatius Menezes, Ana Novaes (AF5IE); Jean-Louis Sarbib, Whitney Foster, Anne Doize (AF5CO); Hans Werner Wabnitz (LEGAF); Gotthard Walser, Mamadou Barry (IENIM); Albert Osei, Celestin Bado (Resident Mission, Ouagadougou)

Annexe 1: Persons Met

Mr. Roch Kabore, Prime Minister
Mr. Mohamed Souley, Minister of Commerce and Industry
Mr. Etienne Zoungrana, Director General of Mines and Energy
Mr. Jean Leonard Compare, Director General of BUMIGEB
Mme. Aissatou Zerbo, Directrice Financiere of CBMP
Mr. Abel Da, Directeur of Exploitation, CBMP
Mr. A. Taho, Directeur of Exploration, BUMIGEB
Mr. Boubacar Diallo, BUMIGEB
Mr. Francois Ouedraogo, BUMIGEB
Mr. Jerone Namena, Legal Advisor, Direction of Mines and Energy
Mr. Dirk M.W. Harney, Anglo-American Prospecting Services
Mme. Sheila Hanks, Directrice BHP Minerals
Mr. Emile Gamsonre, Perkoa-Bolliden Minerals
Mr. Recaredo del Porto, consultant to EEC re: minerals exploration
Mr. Shaun Hegarty, General Manager, Inchcape Testing Services
Mr. Michel Bilodeau, McGill University

REPUBLIQUE DU FASO

AIDE MEMOIRE: 22 JUILLET 1994

MISSION DU 18 AU 22 JUILLET 1994

PREPARATION DU PROJET DE CREDIT IDA: ASSISTANCE TECHNIQUE AU SECTEUR MINIER

Une mission conduite par Monsieur Craig Andrews, spécialiste minier de la division de l'industrie et mines, a eu lieu à Ouagadougou du 18 au 22 juillet. La mission a eu comme objectifs, 1) de discuter du projet de termes de référence concernant l'étude sur la commercialisation de l'or au Burkina et, 2) de discuter et de mettre au point les activités proposées dans le cadre des fonds pour la préparation du projet (PPF). Les buts de l'étude sur la commercialisation de l'or et du PPF sont d'aider le Gouvernement à s'engager sur les dispositions à prendre afin de remplir certaines conditions préalables de l'entrée en vigueur du crédit.

Durant la visite, la mission a eu des entretiens avec S.E. le Premier Ministre Monsieur Roch Marc Christian KABORE, S.E. le Ministre du Commerce et de l'Industrie, Monsieur Mohamed Souley ainsi que les responsables de la Direction de l'Energie et des Mines, le Bumigeb, et le CBMP. Par ailleurs, la mission a pu rencontrer les consultants chargés d'une mission d'évaluation d'un projet minier proposé au financement du Sysmin (CEE), un représentant d'une société désirant s'installer au Burkina pour offrir des services de laboratoire, et les représentants de plusieurs sociétés minières installées au Burkina, y compris le BHP Minérales et Anglo-américain Prospecting Services. La mission tient à remercier le Gouvernement pour son assistance et les intervenants Burkinabè pour leur coopération parfaite.

Suite à la dernière mission de préparation en mars 1994 certains points restaient en suspens, notamment une restructuration éventuelle du rôle du CBMP et les activités à entreprendre dans le cadre d'un PPF. Le Ministre du Commerce et de l'Industrie ainsi que le Directeur Général du CBMP, au cours d'une visite à Washington au mois du juin dernier ont convenu d'entreprendre une étude sur la commercialisation de l'or au Burkina. La mission exprime sa satisfaction d'accord commun établi sur les termes de référence pour cette étude (voir annexe). Les objets de cette étude sont les suivants :

- i) d'évaluer la commercialisation de l'or au Burkina, surtout en ce qui concerne les exploitations artisanales;
- ii) d'examiner les avantages et inconvénients du monopole de l'Etat pour l'exportation de l'or;
- iii) de déterminer les coûts réels de l'intervention du CBMP dans le secteur ;
- iv) de proposer des améliorations pour la commercialisation de l'or, y compris la suppression éventuelle du monopole et la restructuration des activités du CBMP.

Cette étude sera préparé par un Cabinet d'Audit et Conseil en Gestion internationalement reconnu en association avec les consultants locaux. Les équipes de ce cabinet seraient renforcées éventuellement par

un ou deux consultants en exploitations artisanales sur financement des "trust funds" restant à la disposition de la Banque.

Concernant les activités du PPF, les intervenants ont convenus des termes de référence et des procédures à suivre afin de réaliser le PPF. Les fonds PPF seront utilisés pour financer l'intervention des consultants internationaux et locaux, organiser les ateliers et les délibérations sur les différents aspects de l'industrie minière, la formation des responsables gouvernementaux en la matière, et la programmation de l'assistance technique dans les volets prévus dans l'exécution du projet. La durée des activités PPF est estimée à 6 mois. Un coordonnateur local devrait être nommé pour la gestion du PPF. En outre de l'étude sur la commercialisation de l'or décrite ci-dessus, le PPF aidera le Gouvernement à préparer un document sur la politique et stratégie minière et à la révision de la législation minière.

Le document sur la politique et stratégie sera éventuellement publié par le Gouvernement et servira comme base pour l'élaboration de la nouvelle législation minière ainsi que les réformes sur le régime fiscal portant sur l'industrie minière au Burkina. Plusieurs études seront entreprises ; des ateliers et des séminaires organisés sur les aspects pertinents, tels que (non-limitatif) :

- i) les rôles respectifs de l'Etat et le secteur privé, y compris la participation de l'Etat dans le capital des sociétés minières;
- ii) l'organisation institutionnelle et les fonctions et responsabilités des organes de l'Etat intervenant dans le secteur;
- iii) la fiscalité minière, y compris les recommandations en ce qui concerne le BIC et le IRVM ainsi que les redevances minières;
- iv) les exploitations artisanales et les petites mines;
- v) les coûts de production, y compris une comparaison avec les pays de la sous-région et dans d'autres pays.

Les révisions et réformes sur la législation sont essentielles afin d'attirer les investisseurs privés locaux et internationaux et de leur assurer des conditions stables de travail. Il s'agit de réformer l'ensemble des dispositifs réglementaires et législatifs régissant le secteur minier tels que la loi fondamentale (code minier), les décrets d'application, les conventions d'établissement, et éventuellement le code d'investissement minier. Le PPF prévoit une assistance technique d'un juriste international spécialisé dans la législation minière ainsi que les juristes locaux en la matière. En même temps, il serait possible que les juristes donnent une assistance dans les négociations avec les investisseurs afin d'accélérer le processus de négociation et de s'assurer que les dispositions des conventions conformes aux révisions de la législation et aux politiques arrêtées.

Il a été décidé que le gouvernement contactera la mission résidente afin de déterminer les procédures à suivre afin de mobiliser les fonds PPF. Etant donné la re-organisation de la structure des départements dans la région de l'Afrique au sein de la Banque, dès son retour à Washington la mission prendra contact avec les responsables afin de déterminer la disponibilité des fonds pour un PPF. Il serait souhaitable de procéder le plus rapidement possible à la réalisation du PPF étant donné les contraintes juridiques, fiscales, et institutionnelles vis-à-vis les investisseurs.

La mission remarque un rapprochement entre les positions du Gouvernement et de la Banque sur certains aspects de la situation minière dans le pays. Les réformes entamées dans l'organisation du

Bumigeb semblent aller dans le sens du rôle de superviseur et régulateur du secteur, et non comme intervenant direct dans les activités de la recherche détaillée ni des opérations d'exploitation. Le projet peut apporter une aide considérable pour effectuer cette transformation. L'étude sur la participation de l'Etat dans le capital des sociétés minières montrera les avantages et les inconvénients d'une telle participation. Il est à souhaiter que les dispositions juridiques, financières, fiscales, douanières, parmi d'autres, peuvent figurer dans la législation régissant les investissements dans le secteur. Dans ce cas, il n'y aura pas besoin de négocier les dispositions spéciales avec chaque investisseur et réduira le temps nécessaire à réaliser les investissements. Les industries connexes à des activités d'exploration et d'exploitation (par exemple, les services de laboratoire, d'entretien, de forages, etc.) devraient bénéficier de certaines dispositions de la fiscalité et la législation minière dans les conditions restant à définir. Le Gouvernement devrait apporter une attention particulière au respect des obligations convenues avec les opérateurs miniers, notamment en ce qui concerne les programmes de travail, les engagements financiers, la quittance des taxes superficielles et ad valorem. La mise en place d'un système d'octroi et de gestion des titres qui soit efficace, simple, transparent, et rapide est essentiel. Le Gouvernement devrait également apporter une attention particulière aux conditions de travail des entreprises minières, notamment la mise en vigueur effective des avantages douanières, fiscales et autres qui leurs sont accordées. Il est à souligner que le Burkina Faso a pu bénéficier d'un intérêt considérable manifesté par les investisseurs ces derniers mois ; il est essentiel que cet intérêt soit maintenu, que l'octroi des titres miniers soit efficace et rapide, et que le Gouvernement évite la remise en cause des conventions conclues avec les investisseurs.

PROJET DU 15 août 1994

BURKINA FASO

PROJET MINIER : ACTIVITES POUR LA PREPARATION DU PROJET (PPF)

Dans le cadre de la préparation du crédit IDA pour le secteur minier au Burkina, il serait souhaitable de prendre une avance du crédit (PPF) afin de financer certaines activités. Les fonds PPF seront utilisés pour financer l'intervention des consultants internationaux et locaux, organiser les ateliers et délibérations sur les différents aspects de l'industrie minière, la formation des responsables gouvernementaux en la matière, et la programmation de l'assistance technique dans les volets prévus dans l'exécution du projet. La durée totale du PPF est estimée à 6 mois.

Afin d'assurer le déroulement des activités PPF il serait nécessaire que le Gouvernement nomme un coordonnateur local. Le coordonnateur local aura pour tâches :

- d'assurer la coordination des différentes activités du PPF ;
- d'assurer la coordination entre le "groupe de travail", le Gouvernement et la Banque ;
- d'organiser les divers ateliers, les programmes de formations, et les études ;
- d'assister le "groupe de travail" à rédiger et préparer le document sur la politique et la stratégie minière ;
- préparer les termes de référence, les listes restreintes, les lettres d'invitation, et les contrats avec les consultants, conformément aux règles en matière de Banque ;
- de gestionner les finances du PPF, les paiements aux consultants, l'acquisition des équipements et matériels, l'embauche du personnel, etc., conformément aux règles du Gouvernement et de la Banque.

Le coordonnateur local sera recruté par le Gouvernement pour la durée du PPF. Le candidat serait une personne dynamique ayant une expérience dans l'industrie minière dans les services d'Etat et/ou les sociétés privées ; la personne aura progressivement occupé les positions dans l'Administration ou le secteur privé et aura une connaissance parfaite des problèmes et facteurs spécifiques au secteur; la personne aura l'aptitude pour l'organisation des études, ateliers, et autres activités prévues dans le PPF. Le coordonnateur devrait être disponible à plein temps pour le PPF ; pour cette raison il est fort possible que la personne serait détachée du service permanent du Gouvernement ou un consultant local.

Les activités du PPF se décomposent en trois :

- 1) préparation d'un document sur la politique et stratégie minière ;
- 2) révision de la législation minière ;
- 3) l'étude sur la commercialisation de l'or au Burkina Faso.

Les détails et les termes de référence de ces activités sont détaillés ci-dessous.

1) Document sur la Politique et Stratégie Minière

Un échange de vues a déjà eu lieu entre le Gouvernement et la Banque concernant le document de la politique et Stratégie Minière. Toutefois, la dernière version du Gouvernement ne semble pas répondre à toutes les préoccupations de la Banque, en ce qui concerne notamment la participation de l'Etat au capital des sociétés minières, la réforme des institutions, et le rôle du CBMP. De plus, la version ne traite pas les aspects fiscaux ou financiers. Donc, le document soumis par le Gouvernement à la Banque mérite d'être développé et complété sur certains aspects. Pour ce faire, il serait souhaitable que les principaux responsables du secteur puissent avoir connaissance des informations sur les pratiques internationales en la matière.

Objectifs

- A) Préparer une déclaration claire et cohérente sur la politique minière du Gouvernement et les objectifs visés en matière de développement du secteur ainsi que les mesures incitatives pour mieux attirer les investisseurs privés.
- B) Préparer une stratégie cohérente en vue de réaliser cette politique minière et ses objectifs; Préparer un plan d'actions à court et long terme pour atteindre les objectifs définis ; programmer une assistance technique au secteur ;
- C) Sensibiliser et former les principaux responsables du Gouvernement dans les meilleures pratiques internationales du secteur minier à travers une série d'études et d'ateliers ainsi que des visites à l'extérieur du Burkina dans les pays à vocation minière.

Tâches

La réflexion mettra l'accent sur :

- une description et explication du secteur et les milieux d'investissement miniers internationaux : petites et grandes sociétés, marchés internationaux, évaluation économique et financière des projets et gisements ;
- la position compétitive des opérations minières existantes ou potentielles du Burkina vis-à-vis des concurrents sur les plans internationaux, sous-régionaux, et locaux ;
- les rôles de l'Etat et le secteur privé, y compris une étude approfondie sur la participation de l'Etat au capital des entreprises minières, la privatisation des entreprises de l'Etat, et les possibilités de mobiliser les fonds d'investissement aux bourses locales et étrangères ;
- les droits miniers : politiques, instruments, implications pour les institutions de surveillance;

- la structure, l'organisation, et le rôle des institutions étatiques à promouvoir, régler, et superviser le développement du secteur ; les réformes institutionnelles à entreprendre ; les relations et rôles des institutions aux niveaux nationaux et provinciaux ; il est à signaler que le Gouvernement est en train d'entreprendre certaines réformes dans l'organisation et les fonctions du Bumigeb ;
- la gestion des titres miniers, obligations et engagements de l'Etat et les titulaires, l'accès et la détention des titres miniers et des installations minières par les sociétés locales ou étrangères ;
- les formes et l'organisation de la législation minière et les limites aux pouvoirs discrétionnaires du Gouvernement ;
- les effets connexes aux activités minières sur d'autres secteurs économiques, y compris l'emploi, les revenus d'exportation et fiscales ;
- la compétitivité sur le plan international du régime fiscal burkinabè ;
- protection de l'environnement et des impacts de l'industrie minière sur l'environnement ;
- l'usage rationnel des ressources du sous-sol, l'importance de l'infrastructure, maximalisation de la valeur des ressources ;
- les coûts opératoires et leur importance sur la compétitivité de l'industrie : coût d'énergie, force ouvrière, intrants à la production ; problèmes d'organisation et gestion des entreprises dans le contexte local ; facteurs locaux tendant à augmenter les coûts de production ;
- analyse et évaluation des textes connexes à l'industrie : code commercial, code du travail, etc...
- l'orpaillage, petites mines, exploitations traditionnelles ; cadre juridique et fiscal portant sur ces opérations ; expérience dans d'autres pays ;
- la conformité du régime fiscal Burkinabè avec les standards et pratiques internationales ;
- les taxes et charges fiscales frappant le secteur minier, en particulier les redevances ad valorem sur la production et son mode de calcul (valeur brute, valeur raffinerie nette, etc.), les redevances superficielles, les droits d'octroi, et autres charges fiscales spécifiques au secteur minier ; la comparaison avec d'autres pays et la pratique internationale ;
- le plan comptable actuellement en vigueur et déterminer sa compatibilité avec la pratique internationale dans l'industrie minière ; analyser les spécificités au secteur tels que la provision pour reconstitution du gisement, l'amortissement, l'enregistrement des ventes et d'inventaires, les frais déductibles, la capitalisation des dépenses, etc.
- les charges et les taxes diverses frappant les intrants et sortants de la production, tels que les droits de douane, les charges à l'exploitation, les droits de sortie, les taxes à l'enregistrement, et autres ;

- les taux, l'assiette, et méthodes d'imposition du régime fiscal général et les comparer avec la pratique internationale ; les taux marginaux effectifs d'imposition seront calculés et comparés à d'autres pays ; toutes les taxes seront prises en compte, tels que le BIC, les taxes sur les dividendes, les droits d'enregistrement et de timbre, les taxes pour les services rendus, et autres; et les méthodes de calcul de l'assiette ;
- les effets du régime fiscal sur les taux de rentabilité dans le secteur minier, déterminer si les exonérations et d'autres mesures fiscales sur l'exploitation rationnelle des gisements (l'écroulement) et le transfert net des recettes fiscales du Burkina au pays d'origine de l'investisseur ;
- les structures et capacités des services de l'Etat chargés d'appliquer le régime fiscal ;
- les besoins en formation et soutien logistique/matériel/informatique, afin de renforcer la capacité de remplir les fonctions ;
- les réformes fiscales à entreprendre et estimer les ressources (humaines, financières) pour accomplir les réformes.

Organisation de la Réflexion

Un "groupe de travail" sera constitué sous la responsabilité du Ministère de l'Industrie et du Commerce. Il comprendra le Ministère de l'Industrie et du Commerce (Direction de l'énergie et des mines, BUMIGEB, CBMP, SOREMIB), le Ministère des Finances (Direction des Impôts, des Domaines, Douanes, Ecole de Régie Financière), le Ministère de l'Environnement, la Primature, etc. Les tiers intéressés (sociétés privées, particuliers dans le secteur, organisations intergouvernementales, etc...) seront également invités à participer. Le groupe sera chargé de la préparation de la Déclaration de la Politique Minière et Stratégie Minière à mettre en oeuvre pour le secteur, ainsi que du plan d'action pour les activités futures. Après approbation par les autorités compétentes (Conseil de Ministres), cette déclaration sera publiée.

Dans ses délibérations, le groupe sera assisté par des consultants internationaux et locaux. Les consultants aideront le groupe à :

- préparer les études et documents de base sur certains aspects tels que la fiscalité minière, l'organisation des institutions, la participation de l'Etat dans le capital des sociétés minières, les facteurs opératoires dans l'industrie minière ;
- organiser les ateliers, les séminaires et les discussions sur les différents aspects (cadre juridique, coûts opératoires, fiscalité, rôle de l'Etat, compétitivité, institutions) ;
- la formation et sensibilisation des responsables dans les meilleures pratiques internationales; la formation se fera au Burkina et, éventuellement, à l'étranger ;
- la préparation de la déclaration de politique minière, d'une Stratégie et plan d'action pour le secteur.

La réflexion touche les autres activités prévues dans le cadre du PPF. Il sera donc nécessaire d'assurer une coordination étroite entre toutes ces activités, en particulier les consultants concernés par

la révision de la législation minière doivent être impliqués dans la réflexion. La période de dialogue est estimée à trois mois.

Personnel

Les principales spécialités requises sont :

- 1) Chef d'équipe ; spécialiste en politique et stratégie minière ; organisation et gestion des institutions ;
- 2) Economiste minier ; évaluation des projets ; analyste financier ;
- 3) Spécialiste en régulation minière ; gestion des titres miniers ;
- 4) Spécialistes en fiscalité et comptabilité minière ;
- 5) Spécialiste en exploitations artisanales et de l'environnement.

Résultats

- a) Une Déclaration de la Politique Minière
- b) Une Stratégie et un Plan d'Actions

2) Révision de la Législation Minière

Objectifs

- 1) Réviser et promulguer des nouveaux dispositifs réglementaires et législatifs régissant le secteur minier, tels que :
 - la loi fondamentale ;
 - son décret d'application ;
 - un modèle du contrat d'investissement ;
 - le code des investissements miniers.

Nature et Description du Projet

Dans la pratique internationale la Législation minière établit un système de droit par lequel les ressources minières, qui sont la propriété de l'Etat, peuvent être confiés à des personnes physiques et morales qui désirent les explorer et exploiter. La législation existante au Burkina, malgré les révisions subies à plusieurs reprises, mérite d'être complétée et amplifiée sur certains aspects, y compris la transformation des activités de recherche en activités d'exploitation, les limites aux pouvoirs discrétionnaires de l'Etat, la conception de la Fiscalité, parmi d'autres aspects, afin de le rendre plus attrayant aux investisseurs.

Cette activité du PPF financera la révision des textes existant en la matière et la rédaction de nouveaux textes par les experts juridiques internationalement reconnus en association avec les juristes locaux et les responsables du Gouvernement. Les Résultats seront une loi fondamentale (Code Minier), les textes réglementaires (décret d'application), un modèle du contrat d'investissement, et un renforcement/révision sur le code des investissements miniers qui soient compétitif et moderne vis-à-vis d'autres pays à vocation minière. Cette législation sera basée sur la Déclaration de la Politique et Stratégie Minière et traitera des aspects tels que la juridiction sur les ressources, la détention des propriétés minières, les droits de la recherche et d'exploitation, les engagements (et leur surveillance) du titulaire d'un permis, les petites mines et d'exploitations artisanales, le traitement et transformation des minéraux, la protection de l'environnement, le transport et entreposage et commercialisation des minéraux, l'arbitrage, etc. Le décret d'application spécifiera les procédures administratives, l'organisation et le fonctionnement du Code Minier ; cet aspect est important étant donné que les réformes institutionnelles seront entreprises pendant l'exécution du crédit. Le modèle du contrat d'investissement adressera les aspects d'un intérêt particulier aux investisseurs qui ne sont pas traités dans les textes, tels que le régime d'échanges, l'accès aux devises, les comptes fiduciaires, la provision de reconstitution des gisements, l'amortissement des investissements, les procédures comptables, etc... Parallèlement, les textes connexes au secteur, tels que le code du commerce, l'organisation commerciale, le code de travail, le code de l'environnement, seront étudiés.

Des consultants internationaux et locaux aideront les autorités burkinabè à réviser les textes existants et à préparer les nouveaux textes. Les consultants séjourneront dans un premier temps au Burkina afin de prendre connaissance des conditions locales, de la législation existante, et participer à la réflexion sur la politique minière. Ils s'associeront avec un cabinet juridique local afin de mieux harmoniser les travaux et d'assurer un suivi effectif. A la fin de cette période initiale, les consultants aideront leurs homologues burkinabè à préparer un projet de révision à apporter aux textes existants, décret d'application, et modèle du contrat d'investissement. Ces projets seront soumis au Gouvernement et à la Banque pour étude et avis. Une deuxième visite au Burkina sera nécessaire pour le suivi de commentaires et recommandations et à la préparation des textes définitifs.

Personnel

- 1) Un juriste, internationalement reconnu et ayant une grande expérience dans la législation minière, les décrets d'application, et les modèles de contrat d'investissement ;
- 2) Deux juristes locaux, expérimentés dans la rédaction des textes législatifs et réglementaires ;

3) L'Etude sur la Commercialisation de l'Or

Généralités

En 1993, le Comptoir Burkinabè des Métaux Précieux a acheté environ 928,29 kilogrammes d'or extraits du sol par les orpailleurs artisanaux du Burkina Faso. Combinée avec la production industrielle de la mine d'or de Poura achetée par le CBMP, qui s'élève à environ 689,27 kilogrammes en 1993, la production aurifère du Burkina Faso traversant le CBMP est 1.618 kilogrammes d'or qui aurait une valeur brute sur le marché mondial de 5,3 milliards de francs CFA, soit environ US\$19,3 millions. En 1993 le CBMP exportait 1.934,70 kilogrammes pour une valeur de 6.4 milliards de francs CFA, soit environ US\$23.2 millions. Ces montants représentent la production déclarée officiellement ; par ailleurs, selon les informations il faudrait prendre en considération une quantité substantielle d'or qui est

commercialisée par le biais de réseaux non officiels et dont la valeur ne peut être facilement évaluée par le Gouvernement.

Afin d'augmenter les recettes provenant des exploitations aurifères et de mieux contrôler les sorties clandestines d'or, le Gouvernement a créé, en 1986, le Comptoir Burkinabè des Métaux Précieux (CBMP, Kiti No. 86-191/CNR/PRES/PRECO). Le CBMP détient le monopole sur l'exportation de l'or au Burkina ; le CBMP est tenu de racheter, à la demande, toute quantité d'or qui lui serait présentée. Le CBMP achète l'or directement aux producteurs artisanaux ainsi qu'à l'unique producteur industriel, la SOREMIB. De plus, en raison de son statut de monopole, d'autres investisseurs étrangers ont signé des accords pour utiliser les services du CBMP pour l'exportation de l'or. Le capital social du CBMP est CFA 100,000,000, détenu dans sa totalité par le Gouvernement.

Le prix payé par le CBMP aux artisans est fixé par décret et il est proportionnel au prix du marché de Londres. Le CBMP achète l'or en déduisant ses frais généraux, les commissions, la taxe d'orpaillage, et la redevance minière. De ce fait, les prix offerts aux artisans par les agents agréés du CBMP correspondent à 55 % et 60.5 % du prix international selon qu'il s'agit de l'or en poudre ou de l'or des alluvions ; pour les projets organisés et les intermédiaires agréés le prix proposé varie pour le gramme d'or entre 75% et 80% du prix international. En plus du réseau d'acheteurs et d'agents du CBMP, il existerait de nombreux négociants non autorisés qui achètent et exportent clandestinement l'or.

Le Gouvernement a décidé d'entreprendre une étude sur la commercialisation de l'or au Burkina. Le but de cette étude est d'évaluer la commercialisation de l'or au Burkina, surtout en ce qui concerne les exploitations artisanales ; d'examiner les avantages et inconvénients du monopole de l'Etat pour l'exportation de l'or ; de déterminer les coûts réels de l'intervention du CBMP dans le secteur ; et de proposer des améliorations pour la commercialisation de l'or, y compris la suppression éventuelle du monopole et la restructuration des activités du CBMP. Le Gouvernement autorisera les visites sur les chantiers et l'accès aux comptes et informations nécessaires à la réalisation de cette étude. En tant que de besoin, les agents du CBMP pourront être associés à l'étude.

Tâches

Les experts auront pour tâches :

- i) l'étude des circuits formels et informels de commercialisation de l'or en provenance des exploitations artisanales ; ce qui exigera une recherche approfondie sur les chantiers et dans les milieux commerciaux impliqués dans ce commerce, dans le Burkina ainsi que dans les pays limitrophes ;
- ii) de comparer les prix offerts dans les réseaux formels et informels, les méthodes de calculs des prix, les différentes structures d'achat de l'or au Burkina Faso avec les pays de la sous-région (Mali, Togo, Ghana, Zimbabwe, etc.) ainsi que sur le plan international (Amérique latine) ;
- iii) de déterminer les effets positifs et négatifs, les coûts et les bénéfices de la structure du prix d'achat et du monopole d'exportation attribué aux organes publics, y compris les effets sur l'incitation à la fraude, sur les revenus des exportations et sur les revenus fiscaux ; comparée la situation existante avec celle de la période avant la création du CBMP.

- iv) d'évaluer les coûts en bénéfices du monopole du CBMP sur le plan budgétaire du ministère et du trésor public, y compris les impacts financiers du CBMP sur trésor public ; comparer les activités actuelles avec les statuts, notamment en ce qui concerne les flux financiers, les créances, les engagements de vente, les dépenses, les investissements (actuels ou envisagés) etc...
- v) en prenant l'hypothèse d'une suppression du monopole et de la libéralisation du prix payé pour l'or, préparer les simulations (scénarios optimistes, moyennement optimistes et pessimistes) de l'impact sur la production, les exportations, les recettes fiscales, la fraude, etc... ; évaluer les moyens financiers à mettre en place pour amoindrir l'impact de la suppression sur les revenus de l'Etat ;
- vi) d'effectuer un audit des états financiers du CXBMP conformément aux normes comptables internationales au 31 décembre 1993 ; examiner les états financiers des années précédentes et comparer les tendances ; cette évaluation comprendra une étude critique des structures de contrôle interne et des procédures de comptabilité qui ont servies comme base pour la préparation des états financiers ;
- vii) évaluer les relations entre le CBMP et d'autres organes publics, parapublics et les entreprises privées ;
- viii) d'évaluer le rôle joué par le CBMP sur le plan technique (encadrement, gestion des parcelles, etc...) dans les chantiers artisanaux ; si le CBMP n'existait pas, quelle autre entité ou quel autre organisme pourrait assumer ces responsabilités techniques ;
- ix) de proposer, recommander et estimer l'impact économique des alternatives à la commercialisation de l'or tels que la suppression du monopole, la libéralisation des prix, le rôle du CBMP comme agence de contrôle statistique et de surveillance, l'autorisation des comptoirs privés d'achat, la restructuration et/ou liquidation du CBMP, le maintien du statu quo, selon les résultats de l'étude.

Résultats, Organisation et Durée

L'étude nécessitera un travail de 8 hommes-mois, composée des experts internationaux et locaux. Les experts internationaux seront assistés par des homologues Burkinabè et des enquêtes sur les chantiers seront organisées par des bureaux d'études locaux. L'étude durera 4 mois.

Un rapport préliminaire doit être soumis au Gouvernement et à la Banque dans un délai de deux mois. Ce rapport préliminaire comprendra :

- les résultats préliminaires de l'étude ;
- l'analyse des scénarios et des alternatives pour la commercialisation de l'or ;
- les recommandations concernant les réformes à entreprendre.

Après une période de réflexion pendant laquelle les consultants discuteront de leur rapport avec les diverses autorités et de la Banque, le rapport définitif devra être déposé à la fin du quatrième mois. Le rapport définitif prendra en compte les commentaires du Gouvernement et de la Banque.

Personnel

Un cabinet d'expertise comptable et conseil en gestion internationalement reconnu sera recruté pour cette étude. Le cabinet s'associera avec un cabinet d'audit/comptable local et prendra les consultants locaux qualifiés pour certaines tâches. Le cabinet est invité à proposer les expertises en comptabilité et gestion internationales et locales requises, la nature et durée de leurs interventions, et les profils et les qualifications proposées.

L'équipe des spécialistes comptables sera renforcée par un expert en matière de commercialisation de l'or. L'expert, qui sera proposé par le cabinet, aura une expérience des exploitations artisanales/petites mines en Afrique, l'Amérique Latine et ailleurs, les réseaux formels et informels de commercialisation de l'or, la détermination du prix à payer pour les diverses qualités dans plusieurs pays et les différentes méthodes de contrôle, par les Gouvernements, sur le commerce du secteur. Les consultants locaux ayant une expérience de la commercialisation de l'or artisanal au Burkina ou ailleurs en Afrique, seront recrutés comme enquêteurs et chercheurs dans les milieux artisanaux.

Indépendamment de ce contrat et faisant objet d'un financement séparé, un bureau d'études spécialisé en mines à petites échelles et les exploitations artisanales sera engagé pour collaborer avec les consultants pour réaliser certains aspects de l'étude.

Ghana
Project

A L L - I N - 1 N O T E

DATE: 06-Jul-1994 05:29pm MAL

TO: See Distribution Below

FROM: Linda McGinnis - HQ Visitor, AF5ML (LINDA MCGINNIS@A1@WBWASH)

EXT.:

SUBJECT: Mining in Ghana: FYI

Victoria/Thiam/Craig,

Katherine forwarded this FYI. Please be sure we have it in our Mining file in the RM. As an aside, there is a relatively positive reaction from Silvia regarding a possible follow-on Mining project for Mali.

All the best,

Linda

DISTRIBUTION:

TO: Craig Andrews

(CRAIG ANDREWS@A1@WBWASH)

TO: YOUSOUF THIAM

(YOUSOUF THIAM @A1@MALI)

TO: victoria kwakwa@a1@mali

A L L - I N - 1 N O T E

DATE: 15-Jun-1994 09:48am MAL

TO: Silvia B. Sagari

(SILVIA B. SAGARI@A1@WBWASH)

FROM: Katherine Marshall, AF5DR

(KATHERINE MARSHALL@A1@WBWASH)

EXT.: 36923

SUBJECT: Ghana Mining - for information

CC: Linda McGinnis - HQ Visitor
CC: ALBERT OSEI

(LINDA MCGINNIS@A1@WBWASH)
(ALBERT OSEI @A1@BURKNA)

THE WORLD BANK/IFC/MIGA OFFICE MEMORANDUM

DATE: June 14, 1994

TO: Distribution

FROM: Leo Maraboli, Sr. Mining Engineer, IENIM

EXTENSION: 35531

SUBJECT: GHANA - Mining Sector Management and Environment Project
Minutes of Pre-appraisal Review Meeting held on June 3, 1994

1. A meeting was held on June 3, 1994 to review the draft FEPS and white cover SAR for the above project. The meeting, chaired by Mr. Ian Hume, Director, AF4, was attended by Messrs/Mmes. Sokol, Agarwal (AF4DR); Najm, Matin (AF4CO); Cabal (AFTES); Saleeby (AF4IN); Smith, Singh, Hewawasam (AF4IE); Nooter, Moffat and Flack (Consultants). Messrs. Tillman (AFTES) and Kerr (COMD2) (Peer Reviewers) and Bhattacharya (AFRSA) sent written comments.
2. The meeting endorsed the FEPS and white cover SAR, noting that the project was well designed and fully consistent with country strategy in relation to supporting the Government's program for capacity building, stimulating small enterprise and private entrepreneurship, targeting a large segment of the labor force and encouraging environmentally sound development in a key sector of the economy. Peer reviewers also endorsed the project. Mr. Tillman (AFTES) had made a comment with reference for meeting the disclosure procedures outlined in BP 17:50. This was addressed through an Environmental Analysis (EA) of the project issued by the Borrower. A copy of the EA is attached to the white cover SAR and will be made available shortly in the Public Information Center. Mr. Kerr (COMD2) made an observation with regard to implementation capacity which was also addressed by the meeting, as outlined below. The comments of Mr. Bhattacharya (AFRSA) with regard to procurement issues have been noted and will be addressed during appraisal.
3. The main points raised at the meeting as well as by peer reviewers concerned: the implementation capacity of Government; further liberalization of marketing arrangements; beneficiary participation approach; further analysis of marketing and pricing arrangements and of the incentive structure for the small-scale miners; valuation of environmental benefits; and further clarification of benefits of the project.

Government Commitment and Beneficiary Participation

4. The project concept was initiated by the Government, which has been interested in sustainable growth and management of the sector and in assisting in labor intensive microenterprise

development. The project has been designed as a collaborative effort and the Government is fully committed to taking all required steps to ensuring successful project implementation. Continuing the participatory approach adopted in the conceptualization of the project, the Government expects to organize a Beneficiary Participatory Workshop in mid-July, to coincide with the appraisal of the project, which is tentatively scheduled to commence June 30, 1994. The Workshop is expected to be held in Tarkwa in the Western Region of Ghana, which has a significant amount of small-scale mining activity. This would enable the participation of all stakeholders including community representatives, sectoral and regional representatives, and representatives of mining companies and NGOs.

Liberalization of Marketing Arrangements

5. With regard to liberalization of the marketing arrangements for precious minerals, the Government has recently approved an application for an international private company to operate in Ghana as a gold trader in competition with the Precious Minerals Marketing Corporation (PMMC). This firm is now setting up security facilities and will shortly offer producers another legal option for marketing their gold production. The Government has selected a phased approach to liberalize the commercialization of minerals. They are implementing this preferred approach as a precaution to avoid or minimize the likely occurrence of difficulties commonly experienced by other mineral producing countries, who had rapidly opened up the market without adopting careful measures to implement the transition. The Government has repeatedly expressed the intention of considering further applications once the first licensee is satisfactorily established. Continuing the dialogue commenced during preappraisal, the appraisal team would seek to obtain the Government's agreement to submit to IDA by the end of the calendar year, an assessment of the Government's experience in liberalization of the market with regard to the trading of precious minerals, as well as a proposal on additional initiatives for opening up the market for more competition.

Economic Analysis and Environmental Aspects

6. It was agreed that the project was a Environmental Category B project and that the requirements with regard to disclosure had been met. It was agreed that a detailed reclamation plan would be prepared during appraisal. In addition, economic analysis would be carried out of the environmental benefits to be derived from the project, including quantification of benefits from land reclamation.

7. During appraisal, the project team will commence the development of terms of reference for several studies to be carried out, including analysis of marketing and pricing arrangements for precious minerals; valuation of environmental benefits; assessment of financial benefits and the incentive

structure for the small-scale miners; and means for dissemination of improved mining are environmental practices.

Implementation Capacity

8. The need for ensuring that there was sufficient capacity for project implementation was stressed, taking into consideration the institutional strengthening and capacity building nature of the project. The appraisal team would emphasize to the Government the need for establishing a project implementation unit comprising qualified personnel to ensure effective and timely project start up and execution. The Government would be requested to submit a detailed program of staffing, training and technical assistance needs of all participating agencies prior to negotiations. The appraisal team would assist participating agencies in preparing a draft Implementation Manual which would include a detailed annual work program and technical assistance and training plans for the first year of project implementation.

9. Other points noted for consideration and follow up by the appraisal mission include the need for key performance indicators to demonstrate that the project is moving well; more clarification of benefits to be derived from the project, including incentives for small-scale mining community; and more clarity in the description of Phases I and II in the "Assistance to Small-scale Mining Enterprises" component. It was agreed that economic analysis and valuation work required would commence as soon as possible, making use of PHRD grant funds, to ensure that the information would be available by the time the project is negotiated. The appraisal mission would work closely with the Government to assist participating agencies in preparing detailed training plans and annual work programs.

10. A suggestion was made that the name of the project be changed from "Mining Sector Development and Environment project" to "Mining Sector Management and Environment Project".

Cleared with and cc: Mr. Hume, Director, AF4

cc: Messrs/Mmes. Hume, Sokol, Agarwal (AF4DR); Smith, Singh, Hewawasam, Birmingham, Moffat, Flack, Nooter (AF4IE); Salop, Najm, Matin (AF4CO); Falloux, Tillman, Cabal (AFTES); Saleeby (AF4IN); Van der Veen (IENIM); Kerr (IFC); Benoit (LEGAF); Weindler (LOOAF); Raoul (RPA); Bhattacharya (AFRSA); AIC, AF4IE
BB

IH/minutes.m&e

DISTRIBUTION:

TO: Magdi Iskander	(MAGDI R. ISKANDER@A1@WBWASH)
TO: Mohamed T. El-Ashry	(MOHAMED T. EL-ASHRY@A1@WBWASH)
TO: Richard Stern	(RICHARD STERN@A1@WBWASH)
TO: W. Paatii Ofosu-Amaah	(W. PAATII OFOSU-AMAAH@A1@WBWA)

TO: Olivier Lafourcade
 TO: Kevin M. Cleaver
 TO: Ishrat Husain
 TO: Wadi Haddad
 TO: Miguel E. Martinez
 TO: Edward V.K. Jaycox o/r
 TO: Katherine Marshall
 CC: RAVI KANBUR
 CC: JAMES O. C. KERR
 CC: Peter Van Der Veen
 CC: Solomon Bekure
 CC: John Joyce
 CC: Alfred Nickesen
 CC: Elie Saleeby
 CC: James Wright
 CC: David Radel
 CC: Ian Porter
 CC: Judith Silvera
 CC: Kazi M. Matin
 CC: Fauzia Najm
 CC: Joanne Salop
 CC: Mark Segal
 CC: Robert Nooter
 CC: Stephanie R. Flack
 CC: David Moffat
 CC: Townsend Swayze
 CC: Indu Hewawasam
 CC: Jasdip Singh
 CC: Mary Oakes Smith
 CC: Jose Sokol
 CC: Surendra K. Agarwal
 CC: Tei Mante Mante
 CC: Robert Tillman
 CC: Francois Falloux
 CC: Laurence Wan Yan Lun
 CC: Max Pulgar-Vidal
 CC: Jean-Jacques Raoul
 CC: Mark Baird
 CC: Stephen Denning
 CC: Francisco Aguirre-Sacasa
 CC: Francis X. Colaco
 CC: Paula Donovan
 CC: James W. Adams
 CC: Hans-Eberhard Kopp
 CC: Robert Picciotto

(OLIVIER LAFOURCADE@A1@WBWASH)
 (KEVIN M. CLEAVER@A1@WBWASH)
 (ISHRAT HUSAIN@A1@WBWASH)
 (WADI HADDAD@A1@WBWASH)
 (MIGUEL E. MARTINEZ@A1@WBWASH)
 (EDWARD V.K. JAYCOX@A1@WBWASH)
 (KATHERINE MARSHALL@A1@WBWASH)
 (RAVI KANBUR @A1@GHANA)
 (6=Kerr@7=James@8=OC @IFC)
 (PETER VAN DER VEEN@A1@WBWASH)
 (SOLOMON BEKURE@A1@WBWASH)
 (JOHN JOYCE@A1@WBWASH)
 (ALFRED NICKESSEN@A1@WBWASH)
 (ELIE SALEEBY@A1@WBWASH)
 (JAMES WRIGHT@A1@WBWASH)
 (DAVID RADEL@A1@WBWASH)
 (IAN PORTER@A1@WBWASH)
 (JUDITH SILVERA@A1@WBWASH)
 (KAZI M. MATIN@A1@WBWASH)
 (FAUZIA NAJM@A1@WBWASH)
 (JOANNE SALOP@A1@WBWASH)
 (MARK SEGAL@A1@WBWASH)
 (ROBERT NOOTER@A1@WBWASH)
 (STEPHANIE R. FLACK@A1@WBWASH)
 (DAVID MOFFAT@A1@WBWASH)
 (TOWNSEND SWAYZE@A1@WBWASH)
 (INDU HEWAWASAM@A1@WBWASH)
 (JASDIP SINGH@A1@WBWASH)
 (MARY OAKES SMITH@A1@WBWASH)
 (JOSE SOKOL@A1@WBWASH)
 (SURENDRA K. AGARWAL@A1@WBWASH)
 (TEI MENSA MANTE@A1@WBWASH)
 (ROBERT TILLMAN@A1@WBWASH)
 (FRANCOIS FALLOUX@A1@WBWASH)
 (LAURENCE WAN YAN LUN@A1@WBWASH)
 (MAX PULGAR-VIDAL@A1@WBWASH)
 (JEAN-JACQUES RAOUL@A1@WBWASH)
 (MARK BAIRD@A1@WBWASH)
 (STEPHEN DENNING@A1@WBWASH)
 (FRANCISCO AGUIRRE-SACASA@A1@W)
 (FRANCIS X. COLACO@A1@WBWASH)
 (PAULA DONOVAN@A1@WBWASH)
 (JAMES W. ADAMS@A1@WBWASH)
 (HANS-EBERHARD KOPP@A1@WBWASH)
 (ROBERT PICCIOTTO@A1@WBWASH)

MINING SECTOR MANAGEMENT AND ENVIRONMENT PROJECT
FINAL EXECUTIVE PROJECT SUMMARY

Country and Borrower : Government of Ghana

Beneficiaries : Ministry of Mines & Energy, Minerals Commission, Mines Department and Geological Survey Department

Project Name : Mining Sector Management and Environment Project

Tentative Financing Plan : Government US\$ 1.2 million
IDA US\$11.2 million
Total Project Cost US\$12.4 million

Tentative Appraisal Date : June 1994

Tentative Board Date : May 1995

Poverty Category : B - Program of Targeted Interventions

Environmental Category : B

1. Background. The mining sector in Ghana accounted for about 20 percent of export earnings in 1992. The sector employs about 20,000 workers in the larger mines and 30,000 people in small-scale mining. Gold is its principal product, with about 85 percent of total mining sector export value and 85 percent of formal employment. Since 1985 when the sector was opened up for private investment, investment in gold production has exceeded US\$500 million and output has grown steadily from 277,000 ounces in 1983 to 1,261,000 ounces in 1993. Large-scale mining involves a few producers, and the largest among these, Ashanti Goldfields Corporation, accounted for 74 percent of the country's output in 1992. The Government recently reduced its stake in Ashanti Goldfields from 55 percent to 31.3 percent, raising US\$400 million in a transaction that saw the Corporation's stock successfully floated on the Accra and London Stock Exchanges. The lack of a robust pipeline of exploration targets and a recent drop in the level of new investments raises concern about the future of the sector, stimulating a review of current policy and strategy, and the adequacy of the Government's institutional capability to carry out promotional activities.

2. The Ministry of Mines and Energy (MOME) oversees the Mines Department (MD), the Geological Survey Department (GS), and several other departments not directly related to the mining sector. The MD is responsible for mine safety, enforcement of licensing and leasing provisions of minerals concessions, and environmental monitoring. The GS gathers and publishes

information on Ghana's mineral resources as a basis for attracting investment. The Minerals Commission (MC) was established in 1986 as a semi-independent agency designed to help formulate Government policy, and generally to encourage the development of the mining sector. IDA's support for the mining sector included the Mining Sector Rehabilitation Project (IDA Credit No. 1921-GH), effective since March 1989, which was intended primarily to support the rehabilitation and privatization of three Government-owned and operated gold mines, all of which are now in the process of transferring to private ownership.

3. For many years, the adverse environmental impact of mining was ignored, with resultant degradation of the land, adverse effect on water quality, and air pollution from the large-scale mining operations. These effects have had an adverse impact on the communities near the mining operations. During the last several years, large-scale mining operations run by foreign investors have generally adhered to internationally acceptable environmental practices, and Environmental Impact Assessments are now required for all new mining concessions. The Government-operated mines have made the least progress in remedying past environmental damage, although this is now being remedied through the inclusion of provisions for mitigation of past damage (financed in part by funds made available through the Mining Sector Rehabilitation Credit) in connection with the privatization of these operations.

4. Small-scale mining of both gold and diamonds is widespread, especially in the Southern and Eastern parts of the country. The Government legalized small-scale mining operations in 1989, and set up the Precious Minerals Marketing Corporation (PMMC) to buy the output of both gold and diamonds, either directly or through licensed traders, in order to attract these flows to legal channels. Nevertheless, substantial amounts continued to be sold through illegal channels. During the past year, several initiatives have been taken by the Government to improve the commercialization of gold and diamonds. In the case of diamonds, PMMC has introduced competitive buying and exporting with the licensing of five international operators who carry on their activities in its Accra office. In the case of gold, PMMC has opened a buying office in Tarkwa, and the Government has authorized a private company to purchase and export gold in competition with PMMC. Also, PMMC has become more competitive with the illegal buyers of gold by offering better prices (97 percent of the international market price as compared to 93 percent in the past). This has resulted in doubling of purchases in 1993 over 1992, with additional increases expected in 1994. The Government envisages continuing to open up the market gradually, and has agreed to review current progress and steps for further liberalization after the recent changes have been assimilated.

5. Small-scale mining production in Ghana is carried out with

hand tools in the most rudimentary fashion, and incomes from small-scale mining operations are minimal. Recovery is typically only 20 to 30 percent of the gold contained in the mined ore, and there is a general lack of knowledge and disregard for safety and environmental regulations. The MC is engaged in trying to improve small-scale mining of gold and diamonds through implementation of a pilot Small-Scale Mining Project (SSMP), carried out with assistance from German Company for Technical Cooperation-Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ). The SSMP has undertaken an analysis of the needs of the sub-sector, identified the main constraints and initiated pilot testing of improved mining and processing techniques and equipment, pilot tested a credit program and completed an assessment of the social and environmental impact of small-scale mining. Assessments have also been completed on the role of increased participation of women in the sector, as well as marketing mechanisms for gold and diamonds. The pilot testing activities of SSMP have confirmed significant potential for improvement on output, productivity and yields but the specific means to achieve this potential are yet to be tested.

6. Project Objectives. The overall objective of the project is to lay the groundwork for the development of Ghana's mining sector on an environmentally sound basis through strengthened mining institutions and the provision of appropriate technology and organizational support to small scale miners. Specifically, the objectives are: (i) to enhance the capacity of the mining sector institutions to carry out their functions of encouraging and regulating investments in the mining sector in an environmentally sound manner, and (ii) to develop techniques that will improve the productivity, financial viability, and environmental impact of small-scale mining operations.

7. Project Description. In order to achieve these objectives, the project would consist of the following components:

(a) Strengthening of the mining sector institutions (US\$5.8 million) through: (i) support to the MC to improve its organizational structure; expand its promotional activities; review existing legislation, regulations, monitoring, and enforcement applicable to the mining sector; develop guidelines and standards for environmental monitoring and control and for mitigation of environmental aspects of mining activities; and establishment of a minerals and environmental information system; (ii) support to the MD to carry out its inspection, monitoring and enforcement responsibilities, particularly with regard to environmental impact and health hazards, and for assisting SSMs in the application of the new technology developed under the SSM component of this project; (iii) assistance to the GS to improve its geological information base through an aerial survey and the publication and dissemination of the results; and (iv) support to the MOME to carry out its policy planning and coordination role for the mining sector in a more effective manner.

(b) Assistance to Small-Scale Mining Enterprises (US\$6.6 million) through: (i) pilot testing of known small-scale mining equipment for improving both productivity and yields, and the extension of successfully tested models to determine their applicability to Ghana's conditions and acceptability by the small-scale miners; (ii) a program to make better geological information available to SSMS through the establishment of teams of geologists trained and equipped to delineate recoverable ore bodies on SSM concessions; (iii) improvements in the sector framework for SSM operations, including a review of the legal and regulatory framework and improvements in the marketing structure applicable to SSMS; and (iv) reclamation and rehabilitation of priority areas degraded through past SSM activities as a pilot activity to determine best processes and cost-effective methods for future reclamation activities.

Studies to review the legislative and institutional framework applicable to the large as well as small-scale miners will be initiated during appraisal, using PHRD grant funds.

8. Rationale for IDA Involvement. The proposed project is consistent with IDA's strategy of supporting the Government's program of accelerated growth, capacity building and poverty reduction. It would assist small-scale enterprise development, promote private entrepreneurship and encourage environmentally sound development. The project also supports improved working conditions, health, social and environmental standards for Ghana's small-scale miners. This project complements the ongoing Mining Sector Rehabilitation Project (IDA Cr. 1921-GH) and the Environmental Resource Management Project.

9. Project Implementation. The Republic of Ghana, represented by the Ministry of Finance, would be the borrower. The MC would be the main executing agency for the project with the GS, MD and the MOM as participating agencies. A Project Manager would be appointed at the MC to manage and coordinate project implementation activities. The Project Manager would be supported by a Technical Officer and an Accountant. The environmental components of the project would be developed in close cooperation with the Environmental Protection Council (EPC).

10. Environmental Aspects. The project is expected to have a positive environmental impact both through capacity building in sector institutions for environmental management and through the adoption of specific measures to minimize the impact on the environment. The project has been classified as environmental category "B". An environmental review of the proposed project has been prepared and is available for review by the public at the MC, the EPC in Accra as well as in regional offices of the EPC. Specific environmental analysis will be carried out as part of the project execution, with regard to technology and processing techniques, when these have been tested for acceptability by the communities.

11. Other Key Issues and Actions

(a) Adequacy of Marketing Liberalization and Sector Development Policy. Past Government control of the marketing arrangements for small-scale mining sales of gold and diamonds led to a large and active illegal market. During the past year, however, the Government has taken a number of steps (see para 4) to open up the market to legal competition, with significant results. The Government will be requested to submit to IDA, as a condition of negotiations, a draft letter outlining Sector Development Policy. This letter will also include an assessment of the progress achieved in ongoing efforts for market liberalization and a program for further liberalization.

(b) Implementation Capacity. In consideration of the institutional strengthening and capacity building nature of the project, the Government needs to ensure that there is adequate capacity to manage and execute the project. The Government will, during negotiations, agree upon a specific program of staffing, training, and technical assistance needs of all participating agencies. The appointment of a Project Manager to manage and coordinate project implementation will be a condition of negotiations. The preparation of an Implementation Manual which incorporates the first year's work program for all agencies, terms of reference, terms and conditions for equipment leasing and guidelines for land reclamation will also be a condition of negotiations.

(c) Incentive Structure for Small-scale Miners. Economic analysis needs to be carried out of incentives for small-scale miners and financial benefits to be gained under the project. In addition, further analysis is needed of marketing and pricing arrangements and valuation of environmental benefits to be derived under the project. In-depth work will commence during appraisal, to analyze these areas.

(d) Government Contribution to the Project. Arrangements will be worked out to assure that counterpart funds will be made available from the Government's Minerals Development Fund and paid into a project account on an agreed schedule. The establishment of a Project Account and deposit of the Government's first contribution will be conditions of effectiveness.

(e) Cooperation Among Agencies. Agreement will need to be reached on how cooperation between the participating mining sector agencies will be achieved. This will be especially important for carrying out the geological work in support of small-scale mining and for procurement of equipment and consultant services financed by the project.

(f) Beneficiary Participation Approach. Continuing the participatory approach adopted in the conceptualization of the

project, the Government expects to organize a Beneficiary Participatory Workshop in mid-July. This would enable all stakeholders of the project including small-scale mining concessionaires, NGOs, mining company representatives and sectoral and regional representatives to provide inputs.

12. Benefits. The main benefits of the project include: (i) improved mining sector institutions able to encourage and assist private investors to start or expand mining operations; (ii) improvement in productivity and incomes of small-scale miners through active technical and organizational support; (iii) reduction of the negative environmental impact of mining through the strengthening of environmental monitoring and enforcement; (iii) improved health, safety and working conditions for large numbers of small-scale miners through the introduction of appropriate technology and equipment; and (iv) minimized environmental impact of small-scale mining activities through the introduction of environmentally responsible technology and processing techniques; and (v) mitigation of past environmental degradation caused by small-scale mining activities through land reclamation and rehabilitation activities.

13. Risks. Main risks include: (i) the possibility that new technologies appropriate to small-scale mining in Ghana cannot be developed or will not be adopted by the mine operators; and (ii) the institutions responsible for carrying out the project may lack the staff, capability or incentive to carry out the project successfully. Appropriate technologies for small-scale miners have been developed and proved to be financially viable in other countries with similar conditions, and therefore there is reason to believe that these techniques can be made to work in Ghana. Adoption of the new processes by the miners would be facilitated by the field demonstrations and trial periods under which equipment would be made available to them. The last risk is addressed by the capacity building nature of the project, which strengthens the mining institutions.

14. Project Sustainability. The strengthening of the sectoral agencies is intended to ensure sustained growth of the sector, attract private investment as well as encourage Government to establish environmental controls to be maintained beyond the life of the project. The strengthening of sectoral agencies to provide capacity for environmental monitoring as well as the establishment of a mining cadastre and environmental baseline monitoring, are expected to be completed during the project life, and would therefore minimize recurrent costs thereafter. Environmental guidelines that are put in place during project implementation, through the technical assistance and guidance to be provided under the project are expected to be maintained because of economic incentives to be gained. In the case of large scale mines, the government agencies will be provided with the regulatory framework as well as implementation capacity required to carry out environmental monitoring and control. If the improved packages made available to small-scale miners

increase their financial return significantly, as anticipated, there is a high probability that the improvements including environmentally responsible processing procedures will be adopted and sustained since there will be a strong economic incentive to do so. Since the project has been designed in response to proclaimed needs of the Government, there is significant commitment on the part of participating agencies to take all necessary steps for effective project implementation.

15. Lessons Learned from Previous IDA Involvement. There were three operations in Ghana which focused on developing the mining sector. They are the Export Rehabilitation Project, the Export Rehabilitation Technical Assistance Project and the ongoing Mining Sector Rehabilitation Project. The two former projects identified mechanisms for the development of the state-owned mining enterprises and the latter project focused on the rehabilitation and divestiture of these mines. All of the state-owned mines are currently in the process of being privatized. While the development of a legal framework and sound mining institutions were vital elements of the Mining Sector Rehabilitation Project, the implementation of the project revealed the need for further strengthening of the institutional framework; lack of attention to environmental impact of mining; lack of capacity in the sector to carry out any type of environmental monitoring; and the existence of a very large and growing small-scale mining sector, the needs of which were largely unaddressed and their impact on the environment ignored. The proposed project will address these weaknesses through capacity building assistance for environmentally sustainable sectoral development. Consistent with the Mining Policy for Africa, the project also focuses on providing technical and organizational support as well as improved social and health conditions for the small-scale mining community.

16. Program Objective Categories. The project aims at providing support to institutional and regulatory reforms that will ensure environmentally sustainable growth and management of the sector. The project also aims at promoting private investment and entrepreneurship and the improvement of the social and economic status of small-scale miners. The technology and processing techniques to be introduced under the project are aimed at enhancing the productivity and incomes of the small-scale miners. Addressing a significant proportion of the poor population in rural areas of Ghana, the project provides a targeted program for poverty alleviation. Finally, the project seeks to fully integrate environmental concerns into one of the key sectors of the economy.

Task Manager
Division Chief
Director
Project Team

Leo Maraboli (IENIN)
Mary Oakes Smith, Chief, AF4IE
Ian Hume, Director, AF4
Leo Maraboli, Sr. Mining Engineer (IENIN),
Task Manager, Paul Birmingham, Financial

	Analyst (AF4IE) (financial and marketing aspects), Indu Hewawasam, Operations Officer (AF4IE), (environmental aspects), Robert Nooter (Consultant) (project formulation).
Lead Adviser	Jasdip Singh, Environmental Coordinator, AF4
Peer Reviewers	Robert Tillman (AFTES), J. Kerr (IC)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: June 15, 1994 00:58am MAL

TO: See Distribution Below

FROM: Ian Hume, AF4DR

(IAN HUME@A1@WBWASH)

EXT.: 34858

SUBJECT: **Ghana - Mining Sector Management and Environment Project**
Regional Loan Committee Package - FEPS

Please find attached, for review by the Regional Loan Committee, the Final Executive Project Summary for the Ghana Mining Sector Management and Environment Project, and the minutes of the pre-appraisal review meeting. A hard copy of the package consisting of FEPS and white cover SAR is separately being distributed to the Senior Operations Advisor, the Regional Chief Economist and the Technical Department Director. Circulation of this package to other members of the Regional Loan Committee will take place at their or the SOA's request.

The Loan Committee members are kindly requested to send their comments (by EM), if any, to Mr. Miguel E. Martinez, AFRVP, by c.o.b. June 17, 1994.

The project was prepared by a team including Messrs./Ms. Maraboli, Task Manager, Indu Hewawasam, Paul Bermingham (AF4IE) and Robert Nooter (Consultant). Mr. Jasdip Singh (AF4IE) acted as Lead Advisor for the project. Messrs. Tillman (AFTES) and Kerr (COMD2) are Peer Reviewers of the Project. The Pre-appraisal Review Meeting for the project was held on June 3, 1994. The attached minutes summarize the comments made at the meeting and reflect the decisions of the meeting in the manner in which they are to be addressed.

The principal issues with reference to the minutes, as meriting further attention during appraisal are: the liberalization of marketing arrangements, implementation capacity in Government, incentive structure for small-scale miners, procedures for disseminating improved mining practices, and the need for more economic analysis of financial and environmental benefits to be derived under the project.

The FEPS has been cleared by the Lawyer, Disbursement Officer and the Environmental Division.

All audit reports are current for ongoing projects in this sector.

The Task Manager for the Project, Mr. Leo Maraboli (Ext. 35531) will answer questions on this document.

Attachments: FEPS White Cover SAR (for Messrs. Martinez, Husain, Stern, Falloux) Minutes of Pre-appraisal Review Meeting

Cleared with and cc: Messrs. Benoit, Weindler, and Ms. Cabal

A L L - I N - 1 N O T E

DATE: 15 Sept 94

TO: ALBERT OSEI

(ALBERT OSEI @A1@BURKNA)

FROM: Craig Andrews, IENIM

(CRAIG ANDREWS)

EXT.: 34275

SUBJECT: Burkina Mining Sector

Albert and Whitney:

I seek your guidance on how best to handle the following.

I have received two phone calls in the past week from mining company investors in Canada. A number of these companies have applied for exploration permits in Burkina since the beginning of the year. This has overwhelmed the Burkinabe and I understand that the Prime Minister has taken these permit applications into his own office for final disposition. This has resulted in significant delays in issuing the permits when, combined with the recent refusal of parliament to ratify the BHP investment agreement (after it had been labouriously negotiated and approved by the council of ministers), will leave a very bad impression on potential investors. In particular, the small-medium sized Canadian companies raise funds on the venture capital markets and have a limited window of opportunity to begin their work. My calculation is that collectively the first year exploration work programs of the companies presently in Burkina is probably in excess of US\$ 10 million. Having worked hard at promoting themselves and fortunate enough to have attracted this level of investment it would be somewhat of let-down for Burkina if the investors drifted away to greener pastures.

I would imagine that in the back of the government's mind is the desire to devise sector policies and strategies before giving prospective ground to investors. These policies and strategies are exactly the point of the dialogue component in the proposed PPF. However, the reality of the situation is that it will probably be several more months before the dialogue can take place and the government can determine its policies. By the time they finish the process I would be concerned that the investors would fly the coop and give Burkina a poor reputation in the investment marketplace.

I am not familiar with the details of the applications for exploration permits filed by the companies. It would seem to me, however, that the government might wish to make the distinction between simply granting licences to explore ground pursuant to the existing mining legislation and full fledged negotiations on specific tax or investment benefits. I would not suspect that the rules and regulations in respect of exploration licenses would change radically in a new mining code or as a result of new sector policies and strategies. However there could be significant changes in some of the investment and fiscal conditions.

Perhaps you can suggest ways for us to convey this sense of tradeoffs and options to the Prime Minister without giving the impression that we are pushing them to grant permits or lessening the importance we attach to the policy

dialgoue. If anything, I would hope that we can reinforce the urgency to act on this primary concern.

I know that Celestin has been working with Etienne Zoungrana to prepare the PPF. I sent a previous EM through to suggest that we would have to wait until the transitional dust settles in Africa region before making committments. Whitney and I have discussed getting this process rolling quickly after October 1 with a revised IEPS review.

Silvia and Mary: Perhaps we could sit down when convenient and discuss the Burkina mining project.

Best regards to all,

Craig

CC: CELESTIN BADO
CC: SILVIA B. SAGARI
CC: MARY OAKES SMITH
CC: WHITNEY FOSTER
CC: FRANZ KAPS

(CELESTIN BADO @A1@BURKNA)
(SILVIA B. SAGARI @A1@WBWASH)
(MARY OAKES SMITH @A1@WBWASH)
(WHITNEY FOSTER @A1@WBWASH)
(FRANZ KAPS @A1@WBWASH)

A L L - I N - 1 N O T E

DATE: 24-Aug-1994 09:24am

TO: KORKA DIALLO

(KORKA DIALLO @A1@BURKNA)

FROM: Craig Andrews, IENIM

(CRAIG ANDREWS)

EXT.: 34275

SUBJECT: Mining PPF

Korka:

Thanks for making the call to Zoungrana. I'm pleased to learn that they are making progress. You might mention to them that I will have to verify with the country operations people how much money we will be able to obtain under the PPF. The preliminary budget of \$796,000 is the upper limit of what the PPF will cost and probably the amount of funds available. I will get back to you on this.

Once again, many thanks.

Best regards,

Craig

CC: ALBERT OSEI

(ALBERT OSEI @A1@BURKNA)

CC: WHITNEY FOSTER

(WHITNEY FOSTER @A1@WBWASH)

CC: ANA NOVAES

(ANA NOVAES @A1@WBWASH)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: August 24, 1994 06:34am

TO: CRAIG ANDREWS (CRAIG ANDREWS @A1@WBHQB)

FROM: Korka Diallo, AF5BU (KORKA DIALLO AT A1 AT BURKNA)

EXT.: 30 62 37

SUBJECT: Mining Project

Salut Craig,

I just talked to Etienne Zoungrana at the Direction of Mines and Energy about the status of the Mining Project PPF.

He told me that he is now preparing a letter to the Minister of Finance asking IDA to establish the PPF.

The letter will be ready today but will have to wait until the Minister of Industry and Mines is back from vacation (August 30) for his signature. He ensured me that everything will be ready by the end of the first week of september.

we will follow up on this and keep you informed.

Bonne Journee.

korka.

CC: Celestin Bado (CELESTIN BADO AT A1 AT BURKNA)
CC: Albert Osei (ALBERT OSEI AT A1 AT BURKNA)

THE WORLD BANK/IFC/M.I.G.A.

Headquarters: Washington, D.C. 20433 U.S.A.

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FACSIMILE COVER SHEET AND MESSAGE

DATE: August 17, 1994

NO. OF PAGES: 2
(including this sheet)

MESSAGE NUMBER: \

TO

Name: Celestin Bado
Organization: Resident Mission

Fax Tel. No. 9-011-226-308649
City: Ouagadougou
Country: Burkina Faso

FROM

Name: Craig Andrews
Dept./Div. IENIM
Room No. G2-057



Fax Tel. No. (202) 477-6619
Dept/Div No. 613-10
Tel. No. (202) 473-4275

SUBJECT: Estimation Des Couts du PPF

MESSAGE:

Per my EM.

Transmission authorized by: Craig Andrews



If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

ESTIMATION DES COUTS DU PPF
DOLLARS DES ETATS UNIS

ACTIVITE/SPECIALITE	HOMME MOIS	COUT PAR H/M US\$	COUT TOTAL	TOTAL
DIALOGUE ET REFLEXION				
Chef d'Equipe/Institutions	6 h/m	25.000	150.000	
Economiste Minier	4 h/m	22.000	88.000	
Regulation miniere	2 h/m	22.000	44.000	
Fiscalite/comptabilite	2 h/m	25.000	50.000	
Exploitations artisanales	3 h/m	22.000	66.000	
Consultants Locaux	18 h/m	2.000	36.000	
				434.000
REVISION LEGISLATION MINIERE				
Juriste International	2 h/m	30.000	60.000	
Juristes Locaux	4 h/m	5.000	20.000	
				80.000
EVALUATION DU CBMP*				
Cabinet International	4 h/m	25.000	100.000	
Cabinet Local	16 h/m	5.000	80.000	
Consultants Locaux	12 h/m	2.000	48.000	
				228.000
FORMATIONS ET VOYAGES				
Participants Burkinabes			50.000	50.000
				792.000

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COMM. MODE	G3
RESOLUTION	NORMAL

L L - I N - 1 N O T E

DATE: 17-Aug-1994 06:01am

TO: Craig Andrews (CRAIG ANDREWS@A1@WBHQB)

FROM: Celestin Bado, AF5BU (CELESTIN BADO AT A1 AT BURKNA)

EXT.: 30 62 37

SUBJECT: RE: Filming for Mining Video

Craig,

Je dois rencontrer Mr Zougrana ce apres midi pour que nous redigions ensemble la requete de PPF, je l'informerai en ce moment de l'idee de faire le film sur l'orpaillage cet automne. Je suis en relation avec la dame qui doit realiser le tournage a la fin de mois et je la mettrai en relation avec Zoungrana lors de son sejour ici.

En outre, nous discuterons et preparerons le dossier de consultation pour la selection de la firme qui fournira l'assistance technique.

Cependant, je pense que tu devras nous apporter ton assistance en vue de finaliser le dossier de consultation notamment dans l'etablissement de la liste restreinte de bureaux a consulter. je ne trouve pas dans les annexes a l'aide memoire une indication sur l'accord sur des firmes ayant l'experience requise pour figurer sur une liste de firmes a consulter. Je te serai donc reconnaissant de me proposer a l'intention de Zoungrana une longue liste sur laquelle il pourrait retenir trois a quatre bureaux a consulter.

Je te rendrai compte de nos discussions des cet apres midi.
J'espere que je recevrai entre temps tes propositions de bureaux.

A tout a l'heure,

Amities.

CC: ALBERT OSEI (ALBERT OSEI @A1@BURKNA)
CC: WHITNEY FOSTER (WHITNEY FOSTER @A1@WBWASH)
CC: Henri Bretaudeau (HENRI BRETAUDEAU@A1@WBHQB)

6B6BA L L - I N - 1 N O T E0B0B

DATE: 15-Aug-1994 09:00am

TO: CELESTIN BADO

(CELESTIN BADO @A1@BUR

FROM: Craig Andrews, IENIM

(CRAIG ANDREWS)

EXT.: 34275

SUBJECT: 6B6BDMining PPF0B0B@

Bonjour Celestin:

Sorry I missed you (and Albert) on my last mission to Ouaga. Hope all and that you're back in the swing of things.

When I left Ouaga my understanding was that Etienne Zoungrana would be you to find out how best to start the process for PPF on the mining se you will see from my aide memoire, I think that we made some progress terms of reference have been agreed upon. Could I ask that you check Zoungrana to see what progress they have made? We should try to move quickly as possible; I would like to see them go out to bid by October

Many thanks for your assistance.

Craig

CC: ALBERT OSEI
CC: SILVIA B. SAGARI
CC: WHITNEY FOSTER

(ALBERT OSEI @A1@BURKN
(SILVIA B. SAGARI @A1@
(WHITNEY FOSTER @A1@WB

PLAN DE COURS

1. INTRODUCTION

La décision d'exploiter un gîte minéral nécessite une série d'études qui requièrent un niveau d'information de plus en plus détaillé. Ce processus séquentiel permet de limiter les dépenses et d'économiser du temps précieux en éliminant à un stade assez tôt les projets non rentables. Comme le but ultime de tout projet d'investissement est de générer des bénéfices pour une entreprise et/ou pour la société en général, ces études techniques, dont le but est de vérifier la faisabilité du projet, comprennent nécessairement un volet financier et/ou économique. L'étude de faisabilité d'un projet minier nécessite donc le travail d'une équipe multidisciplinaire composée de géologues, d'ingénieurs de mines, d'analystes financiers et de gestionnaires de projets. Plusieurs groupes renommés d'ingénieurs conseil à travers le monde se spécialisent dans de tels services.

Afin de pouvoir négocier des ententes avec des entreprises étrangères qui possèdent en plus des ressources financières pour développer un gîte minéral, l'expérience et l'habileté techniques pour planifier et gérer d'une façon efficace son exploitation, le BUMIGEB doit faire appel à des cabinets étrangers pour étudier la faisabilité de projets miniers en territoire burkinabè. Il est donc important que cet organisme développe de l'expertise interne qui lui permettra de dresser une liste prioritaire de projets pouvant intéresser les entreprises minières locales ou étrangères en premier lieu, et en second, d'évaluer et de juger d'une façon critique les rapports et/ou les propositions externes qui lui sont soumises.

2. OBJECTIFS GÉNÉRAUX

Cette mission a pour but premier de former les cadres supérieurs du BUMIGEB en évaluation de projets miniers, en leur fournissant des connaissances précises sur les différents aspects techniques, économiques et financiers se rapportant à cette tâche, et en leur donnant des outils pratiques pour l'accomplir. Il est évident que l'échéancier restreint de ce microprojet ne permettra pas la formation d'experts dans le domaine. Même si cette formation adopte une approche simplifiée en ce qui a trait à plusieurs aspects techniques, elle permettra néanmoins au BUMIGEB de développer une méthodologie très pratique d'évaluation de projets miniers. Le deuxième but vise à former et à encadrer des représentants burkinabè qui pourront continuer la formation au pays dans le futur. Le matériel didactique développé par le formateur canadien, en collaboration avec ses homologues burkinabè, servira de base pour des sessions de formation postérieures.

Au terme de cette formation, les participants pourront entreprendre d'une façon simple l'évaluation d'un projet minier, en tenant compte de tous les paramètres techniques qui auront été définis par une étude d'élaboration technique préalable. Ils pourront également analyser, vérifier, évaluer et juger le volet financier ou économique des études de faisabilité qui leur seront soumises par des cabinets étrangers ou par des entreprises minières.

3. OBJECTIFS SPÉCIFIQUES

Le programme de formation comprend treize modules détaillés à la section intitulée "Contenu du programme de formation". Les objectifs spécifiques de chacun de ces modules sont intégrés à l'intérieur du descriptif de chaque journée du programme.

4. MÉTHODOLOGIE

Le programme comporte un volet théorique proprement dit, qui durera environ douze jours, et un volet d'études de cas de trois jours. La partie théorique comporte elle-même des exposés théoriques en matinée et des travaux pratiques en après-midi. Les travaux pratiques seront résolus individuellement ou par équipes de deux, selon le nombre de participants. Les solutions seront fournies, expliquées et discutées à la fin de chaque journée. La partie pratique finale portera sur l'étude de un ou plusieurs cas burkinabè et sera donc un bon exercice de synthèse pour les participants.

5. ÉVALUATION DES PARTICIPANTS

Il n'y aura aucune évaluation formelle des apprentissages à la fin de cette activité. Toutefois, les travaux pratiques en après-midi permettront de tester la compréhension des participant après chaque module du programme et de vérifier leur progrès tout au long de la formation. La partie pratique finale permettra de vérifier l'habileté des participants à appliquer l'ensemble des connaissances acquises à l'évaluation de cas réels.

6. CONTENU DU PROGRAMME DE FORMATION

JOURS 1 ET 2

Cérémonie d'ouverture du cours de formation

- Accueil des participants et identification
- Présentation du programme

Module 1 : Vue d'ensemble sur l'évaluation de projets miniers*Objectifs :*

- Décrire le cycle de l'offre minérale
- Énumérer les étapes de l'évaluation d'un projet minier ainsi que les outils utilisés pour en faire l'analyse financière

Contenu :

- Définitions de termes
- Le cycle de l'offre minérale
- Processus d'évaluation de projets miniers
- Outils d'évaluation financière de projets

Stratégies :

- Exposé théorique

Module 2 : La notion de flux monétaire*Objectifs :*

- Établir les flux monétaires d'un projet en monnaie constante à partir de ses composantes principales

Contenu :

- Numéraire et taux de change
- Définition du flux monétaire et représentation schématique
- Considérations fiscales

- Monnaie constante et courante

Stratégies :

- Exposé théorique
- Travaux pratiques

JOUR 3

Module 3 : La valeur temporelle de l'argent

Objectifs :

- Définir le coût du capital
- Utiliser les facteurs d'intérêt composé

Contenu :

- Le coût du capital
- Intérêt composé
- Facteurs d'intérêt composé :
 - . Valeur actuelle d'une somme future
 - . Valeur future d'une somme actuelle
 - . Valeur actuelle d'une annuité
 - . Annuité d'une valeur actuelle
 - . Valeur future d'une annuité
 - . Annuité d'une valeur future

Stratégies :

- Exposé théorique
- Travaux pratiques

JOUR 4

Module 4 : Indices financiers

Objectifs :

- Calculer les indices financiers d'un projet
- Décrire les applications, les avantages et les inconvénients de chacun

Contenu :

- Indices sans actualisation :
 - . Recettes totales et profit total
 - . Coût relatif
 - . Période de récupération de l'investissement
- Indices tenant compte de l'actualisation :
 - . Valeur uniforme annuelle
 - . Valeur actuelle nette
 - . Ratio de valeur actualisée
 - . Taux de rendement interne

Stratégies :

- Exposé théorique
- Travaux pratiques

JOUR 5

Module 5 : Notions de fiscalité

Objectifs :

- Établir l'effet de la fiscalité sur les éléments de recettes et de dépenses
- Établir les flux monétaires après impôts et/ou redevances en utilisant les règles générales d'un système fiscal
- Établir les flux monétaires après impôts et/ou redevances en utilisant les règles particulières du système fiscal burkinabè

Contenu :

- Déductions et allocations fiscales
- Effets sur les éléments de recettes et de dépenses
- Calcul détaillé des impôts et redevances
- Système fiscal burkinabè

Stratégies :

- Exposé théorique
- Travaux pratiques

JOUR 6

Module 6 : Financement d'un projet

Objectifs :

- Calculer les intérêts et le remboursement d'une dette à long terme
- Incorporer ces éléments dans le calcul des flux monétaires d'un projet
- Interpréter les résultats observés

Contenu :

- Intérêts et remboursement de la dette
- Effet sur les flux monétaires d'un projet
- Interprétation des résultats

Stratégies :

- Exposé théorique
- Travaux pratiques

JOUR 7

Module 7 : Effets de l'inflation

Objectifs :

- Faire l'analyse financière d'un projet en tenant compte de l'inflation

Contenu :

- Effet sur le coût du capital
- Effet sur la rentabilité d'un projet
- Considérations fiscales

Stratégies :

- Exposé théorique
- Travaux pratiques

JOUR 8**Module 8 : Analyse de sensibilité***Objectifs :*

- Faire l'analyse de sensibilité d'un projet
- Présenter les résultats selon des règles convenables
- Interpréter les résultats

Contenu :

- Méthode
- Représentation graphique
- Analyse des résultats

Stratégies :

- Exposé théorique
- Travaux pratiques

Module 9 : Analyse du risque financier*Objectifs :*

- Faire l'analyse du risque financier d'un projet
- Présenter les résultats selon des règles convenables
- Interpréter les résultats

Contenu :

- Méthodes traditionnelles
- Approche probabiliste
- Méthodes analytiques
- Méthode de simulation
- Interprétation des résultats

Stratégies :

- Exposé théorique
- Travaux pratiques

JOURS 9, 10 ET 11**Module 10 : Éléments d'évaluation de projets miniers***Objectifs :*

- Établir les composantes des flux monétaires d'un projet minier
- Calculer la rentabilité du projet en intégrant les composantes obtenues

Contenu :

- Vue d'ensemble
- Éléments :
 - . Estimation des réserves récupérables
 - . Estimation des recettes
 - . Estimation des investissements de pré-production
 - . Estimation des frais d'exploitation
- Analyse financière

Stratégies :

- Exposé théorique
- Travaux pratiques

JOUR 12**Module 11 : Optimisation des paramètres d'exploitation d'un projet minier***Objectifs :*

- Choisir les paramètres d'exploitation d'un projet minier en vue de maximiser sa rentabilité

Contenu :

- Concepts théoriques
- Optimisation des paramètres d'exploitation du projet

Stratégies :

- Exposé théorique
- Travaux pratiques

JOURS 13 ET 14**Module 12 : Applications informatiques***Objectifs :*

- Faire l'évaluation d'un projet minier en utilisant un tableur électronique ou un logiciel spécialisé

Contenu :

- Tableur électronique
 - . Construction d'un modèle du projet
 - . Calcul des indices de rentabilité
 - . Analyse de sensibilité
- Logiciels spécialisés
 - . Logiciel Fortran
 - . Logiciel PCDEP

Stratégies :

- Exposé théorique
- Travaux pratiques

JOURS 15, 16 ET 17**Module 13 : Études de cas burkinabè***Objectifs :*

- Faire l'évaluation d'un projet minier burkinabè

Contenu :

- Présentation du cas
- Préciser les renseignements nécessaires à l'évaluation
- Étude du projet

Stratégies :

- Exposé
- Discussion
- Travail en groupe

14 July 94
Barbarina Foso

→ CBMP - sujet de la mission.

→ Montferin CBMP →

- 1) paragon → collecte revenus pour l'état - historique
- 2) élément catalyseur - encadrant / incitative rôle

Utile indispensable pour le développement minier.

TU → pas d'objectifs -

Monopole → différentes via collectings.

Prix → pour être incitateur - revenue sur et compétitif.

Compteur sont compétitifs ? Sur quel base à comparer.
Inventaire privées to établir les compteur privées.

Obscure → 1986 → petit manifeste pas →
→

Objectives → augmenter production dedans. - revues
pour l'audit. Look at mandat of CBMP.

Monopole → n'est pas aussi mauvais que ça.
Beaucoup passe → libéraliser - concurrence.

Bonjour reste convaincu sur la concurrence et la nécessité.

Part - recettes fiscales

Audit - d'accord. Mais de n'est pas avoir esprit négative sur le monopole. Ne reste pas boursée. Pas supprimer aujourd'hui →

Objective : come up w/ optimal market system & define role of CBMP. What best system?

- 4 -
Mr. Andrews
FAX 76619 X34275

Member Country, Implementing Agency	Amount & Probable Lender	Project	Consulting Services	Stage of Processing and Action on Procurement
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BURKINA FASO
(Cont'd)

*For update please
Mande Fax 35143*

To be determined	39.0 (IDA)	Mining II - Project will provide assistance to the Government in: (a) improving the enabling environment for private investment in mining, specifically the policy, legal, and fiscal regimes; (b) restructuring and strengthening government supervisory institutions, and upgrading and reorganizing the geological database; and (c) promoting investment in large scale and medium scale mining projects by private capital. <u>Environmental Assessment Category C.</u>	Consulting services will be required.	Project under preparation.
To be determined	45.0 (IDA)	(R) Agricultural Services II - Follow up to the Agricultural Services I Project. Concentrating on crop protection and agricultural education in addition to extension and functional literacy. Total project cost is estimated at US\$50.0 million. <u>Environmental Assessment Category B.</u>	Consulting services are estimated at 200 staffweeks.	Project preparation under way.
Ministries of Health, Social Affairs and Family; Finance Planning	23.4 (IDA)	(R) Population and AIDS Control (formerly Population and AIDS) - Project seeks to develop and implement a population program and AIDS prevention program. <u>Environmental Assessment Category C.</u>	Consulting services will be required.	Board presentation scheduled for May 31, 1994.
Ministry of Finance and Planning	100.0 (IDA)	SAL II - Second phase of macro-policy reforms, including tariff reform. <u>Environmental Assessment Category U.</u>	To be determined.	Identification under way.
To be determined	40.0 (IDA)	Urban Environment - Project seeks to improve management of natural resources and urban management, and to upgrade the infrastructure of Ouagadougou to improve health standards. Total project cost is US\$40.0 million. <u>Environmental Assessment Category B.</u>	To be determined.	Appraisal scheduled for June 1994. A PPF of US\$515,000 was approved on September 30, 1992. A PPF of US\$465,000 was approved on February 2, 1994.
To be determined	5.0 (IDA)	Capacity Building for Environment Management - Training and institutional management for managing the rural and urban environments. Total project cost is US\$10.0 million. <u>Environmental Assessment Category C.</u>	To be determined.	Preparation under way. A PPF of US\$280,000 was approved on January 4, 1993.
Ministry of Health, Social Affairs and Family	32.8 (IDA)	Health and Nutrition - The project would: (a) improve the quality of health services through upgrading of facilities and staff skills, decentralization and introduction of essential drugs; (b) reduce micronutrient deficiency; (c) achieve control of endemic parasitic diseases; and (d) strengthen sector institutions. <u>Environmental Assessment Category C.</u>	Consulting services will be required.	Approved by the Executive Directors on April 1, 1994. (Cofinancing expected from Germany (KfW) and OPEC Fund.)

"No Change"

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Document Date June 28, 1994	Document Type Report			
Correspondents / Participants				
Subject / Title WORLD BANK BUDGET ACCOUNTING SYSTEM CONSULTANT MANAGEMENT SUMMARY REPORT				
Exception(s) Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date 09/20/2022</td></tr></table>	Withdrawn by Shiri Alon	Date 09/20/2022
Withdrawn by Shiri Alon	Date 09/20/2022			

Ambridge

20 juin 94

Mtg -
Zoungou - Buzel -

CBMP - concerne.

1800 - CBMP - Wednesday.

Document /
Revision -

Consultant - problem avec les frais.

TDR | Negotiations - ferme contre.
Associe avec les notables → cabinet

Fiscalite - Min Finance

CBMP Cabinet locaux - audit. Expert international.

1630 - ~~CBMP~~. BUMIGER

Thursday

Ministere 1530

20 Juillet 23

C.B.M.P

M^{me} Zerk

M^{re} Day, Abel

Institutions

gle survey

stole company

21 July 94

EEC Consultant

EEC ready for application: in regard for
mapping purpose.

- 1) Geophysics - aero-mag + radiometric @ \$27/km
1/2 km line spacing + refill - 150,000 kms
\$4.5 m + refill \$7 m.
- 2) Synthesis of existing ^{geophysical} data - vol. available for
digitize.

Bank: ~~the~~

Privatization

Thematic mapping

clear
humid

21 July

Meets —
CBMP, Brumigels, DCEM
7 persons

Participation d'état —
PPF —

- a) étude participative d'état dans les routes
- b) réforme institution — pas problème
- c) cadastre minier — structure existante de préférences
- d) Brumigels — prestations — attribution définies par l'état — sur base des résultats — contrat plan mais continuer avec les projets par les contrats actuels → promotion — rendre gisements pour promotion
- e) financiers → prendre contact avec
- f) CBMP → OK

Brumigels — régional, rendre données, promotion minière, contrôle des établissements dangereux, laboratoires, forages?, engagements en cours, contrat plan — corrélation analytique, DCEM 600 se désengage de travail de détail.

CBMP

Quelques remarques.

21 July 94
Barbina

PPF

1) Document Strategy et Politique

(Coordonnateur local.

études → perspective —

→ participation état

→ faisabilité

→ institutions

→ facteurs opérationnels

2) Reforme du Code — Legislative Ministère

OU

negotiation.

22 July 94

Atty Sgarbes.

- 1) Coordonnées -
- 2) C'est-à-dire par le fait est
- 3) Faire retrouver au code universel -
système incitatives, - tout de suite
- 4) Reforme institutionnelle → va ressembler de la rédaction
du texte.
- 5) CBMP → contrat plan ^{réformes} - en voie

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: June 12, 1994 06:38pm

TO: Karl J.T. Driessen

(6=DRIESSEN@7=KARL@8=J.T.@IMF@EA

FROM: Ana Novaes, AF5IE

(ANA NOVAES)

EXT.: 32645

SUBJECT: Burkina Tax

Karl,

Due to the presence of a Senegalese delegation here, only now I am being able to write a short note on the tax issues in Burkina. As per your request, this is to follow up on our meeting with Leif Muten last week. My colleague Craig Andrews might want to other some points to this note upon his return to DC.

Basically, the main point of concern is the coexistence of high rates of taxation with tax holidays. We would rather have lower rates and less tax holidays.

Problem with direct taxation. The rates are 50% on profits and 25% on dividends. In the mining sector, the Government wants, in addition, to have a 15-30 free equity stake in the company. The argument for the free equity is that the Government needs to recover initial investment in mining research. There is also the nationalist type of argument still in fashion in Sub-Saharan Africa. Thus, the effective rate of taxation can easily reach 75%. Clearly, under this circumstances and taking into consideration the high costs associated with a land locked country, it is no surprise that there is no private sector interest in Burkina.

Not surprisingly either, is the Government strategy to countervail the high taxation by offering tax holidays. In the mining sector, the distortions created by such practice are paramount. The corporate tax holiday, for instance, can last for 7 years after starting the mining operation. The company will then have all incentives to postpone expenses and try to get as much profits as possible during the period of the tax holiday. The company will mine the best part of the deposit and probably leave once the tax holidays are gone. Alternatively, the company can threat the Government with the possibility of quitting the operation in case the tax holidays are not extended. In the end the Government will collect nothing.

Conclusion: as of today the Government collects nothing from the mining sector and will continue this way as long as the level of taxation is not reduced and the use of tax holidays are revised. I would not be surprised if deals similar to this one are not

being cut in other sectors.

Indirect Taxation. For the export sector, problems with the VAT refund and the customs administration of the temporary import regimes deserve further attention if the economy is to respond to the devaluation by increasing exports (Mr. Muten did not have much time to exam the customs administration of the temporary imports). Notice that despite the reduction of the import tariffs, the export sector will continue to be non competitive as long as exporters do not get their in a timely and free of duties fashion. The alternative is to give ad hoc duty exemptions, e.g. on fuel.

Complexity, Lack of Enforcement and Difficult Administration of the Tax regime in Burkina. In this regard, Mr. Muten report is clear: the complexity of the tax laws combined with weak administration and human resources leads to non compliance and the use of shortcuts, e.g. use of forfait methods.

Summing up, I wonder what your colleagues at the IMF think of Mr. Muten's report and if you agree with us on the need to simplify, rationalize, bring down tax rates and increase the tax base as instruments to increase collection. Please, give us a call so that we can plan further our work and cooperation in this matter.

I hope to hear from you soon

Ana

CC: Craig Andrews
CC: Anne Doize

(CRAIG ANDREWS)
(ANNE DOIZE)

A L L - I N - 1 N O T E

DATE: 27-May-1994 09:03am

TO: Cathy Naggar-Vazquez (CATHY NAGGAR-VAZQUEZ)

FROM: Goretti Lau, CFSOC (GORETTI LAU)

EXT.: 31213

SUBJECT: Re: TF023590 - Log No. NET-ENV-5-7-93

Cathy,

In order to provide you with enough time to get confirmation from the field office in Burkina Faso, we will extend the expiration date of this allocation to June 30, 1994. Any new developments, please keep us informed. Many thanks for your cooperation in this matter.

CC: AISSATA ZERBO	(AISSATA ZERBO @A1@BURKNA)
CC: Fatimatou Diop	(FATIMATOU DIOP)
CC: ALBERT OSEI	(ALBERT OSEI @A1@BURKNA)
CC: Kawin Wilairat	(KAWIN WILAIRAT)
CC: Rolando Arrivillaga	(ROLANDO ARRIVILLAGA)
CC: Silvia B. Sagari	(SILVIA B. SAGARI)
CC: Craig Andrews	(CRAIG ANDREWS)
CC: Parul Paka	(PARUL PAKA)

Line World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: May 27, 1994 09:13am

TO: Cathy Naggar-Vazquez (CATHY NAGGAR-VAZQUEZ)

FROM: Goretti Lau, CFSOC (GORETTI LAU)

EXT.: 31213

SUBJECT: RE: TF020400 - Mr. John Hollaway

This is to inform you that to accommodate your request, we will extend the expiration date of this allocation to December 31, 1994. Upon the completion of Mr. Hollaway's assignment and the final payment is recorded in the BAS, please close the commitments against this allocation. Thank you for your cooperation in this matter.

CC: Silvia B. Sagari	(SILVIA B. SAGARI)
CC: Craig Andrews	(CRAIG ANDREWS)
CC: Kawin Wilairat	(KAWIN WILAIRAT)
CC: Rolando Arrivillaga	(ROLANDO ARRIVILLAGA)
CC: Parul Paka	(PARUL PAKA)

the World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: May 26, 1994 09:09am

TO: Cathy Naggar-Vazquez (CATHY NAGGAR-VAZQUEZ)

FROM: Kawin Wilairat, CFSOC (KAWIN WILAIRAT)

EXT.: 31211

SUBJECT: Netherlands General Consultant Trust Fund (TF020400): Allocation
for John Hollaway for work in Burkina Faso

Thank you for your EM of May 25, 1994 on the
above-referenced subject.

We are agreeable to extending the expiration date of the
allocation for Mr. Hollaway to December 31, 1994.

Upon completion of Mr. Hollaway's assignment and after all
payments have been recorded in the BAS, please change the status
of commitments from OPEN to CLOSED.

Thank you for your cooperation.

CC: Rolando Arrivillaga	(ROLANDO ARRIVILLAGA)
CC: Goretti Lau	(GORETTI LAU)
CC: Parul Paka	(PARUL PAKA)
CC: Silvia B. Sagari	(SILVIA B. SAGARI)
CC: Craig Andrews	(CRAIG ANDREWS)
CC: Kaname Okada	(KANAME OKADA)



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File Title Mining Sector Capacity Building and Environmental Management Project - Burkina Faso - Credit N029, Credit P784, Credit P911 - P000283 - 1994 - Craig Andrews - General Correspondence - Volume 1		Barcode No. 30220781		
Document Date May 25, 1994	Document Type Memorandum			
Correspondents / Participants To: See Distribution Below From: Cathy Naggar-Vazquez, AF5IE				
Subject / Title Local Hired Consultant - Mr. Boubacar ZANGA				
Exception(s) Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date 09/20/2022</td></tr></table>	Withdrawn by Shiri Alon	Date 09/20/2022
Withdrawn by Shiri Alon	Date 09/20/2022			



Record Removal Notice

File Title Mining Sector Capacity Building and Environmental Management Project - Burkina Faso - Credit N029, Credit P784, Credit P911 - P000283 - 1994 - Craig Andrews - General Correspondence - Volume 1		Barcode No. 30220781		
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Correspondents / Participants To: Kawin Wilairat From: Cathy Naggar-Vazquez, AF5IE				
Subject / Title Expiration Date Notification				
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Withdrawn by Shiri Alon	Date 09/20/2022			

Burkina Faso 17 Nov 94

Channel Resources, part of Viceroy Resources

Boy Aisena - met in Ouaga.

→ Oct 93 → report is available.

Min of Finance - fiscal regime not competitive.
rates of taxes -

Mr. Lou Salley
Tel (604) 689 - 9356
Mr. Brian Flower
Fax (604) 689 - 7030

OK to
distribute

5/16/94

~~Special~~
Box to
Foster
Sonbit

Done
Patricia
> 473-
8136

OFFICE MEMORANDUM

DATE: May 16, 1994

TO: Mr. Whitney Foster, AF5CO

FROM: C.B. Andrews, IENIM 

EXTENSION: 34275

SUBJECT: Burkina Faso Mining

Whitney:

Per your request and in preparation for Jean Louis' mission to Burkina, let me very informally summarize below some salient points of Burkina mining situation.

Exploration in the greenstone belt formations of the Guyana and Guinea shields (West Africa craton) is the current vogue of the mining world. We see much activity from large and small firms in Venezuela, French Guiana, Guyana, Ghana, Mali, Cote d'Ivoire, and Burkina. Of these countries Burkina has some of the most promising geology and (up until quite recently) ground open for exploration. It is viewed by most companies as "elephant country" where large world class deposits can be found. The combination of hot market, good geology, and possibility of big strike explains why about 14 firms desire to take or have taken up exploration ground in Burkina in the past six months. These firms include giants such as Anglo-American, BHP Minerals, Placer Dome as well as the so-called Canadian juniors (Little Bear Resources, etc.). A typical first year exploration/reconnaissance program for each firm would probably be between US\$ 0.5 and 1 million; expenditures would increase the second and third year in the event of detailed exploration and/or drilling. I will not bet, but with this level of exploration activity and the favorable geology I would think it is only a matter of time (1 - 3 years) before one or more of these firms comes up with a reasonably dimensioned ore-body. For instance, exploration which started in Mali in 1988 has resulted in one industrial mine producing 5 tonnes gold/year and another in the feasibility stage which could produce 10-15 tonnes gold/year. One metric tonne of gold is worth approximately US\$ 11 million. You can make your own calculation of the export earnings in Burkina if the Mali experience could be repeated. This is assuming, of course, that Burkina will seriously get its policy, legal, fiscal, and institutional acts together. If they fail to do so there is a large risk that the economic gains from mining will not to materialize.

There are several steps, among others, that the government must undertake in order to derive the maximum benefits from its mining potential.

- a) Decide on critical policy options such as, the participation (preferably none) of the state in mining operations, permitting and licensing instruments, incentives to be offered, etc;
- b) Revise the minerals legislation, in line with the policy options as determined above and in conformity with international practices;

- c) Bring the fiscal regime (rates, methods of calculation, enforcement mechanisms) into line with international standards and rescind expensive tax gimmicks like holidays, etc.; it should be noted in this respect, however, that investors view "government take" as a package, i.e., the combined effective government take from free and working equity participation, income tax, dividend withholding tax, various fees and duties, production royalties, etc.; if reform is to take place it must be done as part of comprehensive program so as not to remove advantages to investors while leaving all of the disadvantages;
- d) Eliminate government monopoly control over gold purchasing and liberalize prices for precious metals; this will entail the restructuring and/or shut down of CBMP; since this entity appears to us to be a "boite noire" (more properly the honey pot for the ministry) the government is understandably reluctant to entertain the suggestion;
- e) Implement a proper mine title cadastre system; with so many permits floating around I can just see the lawsuits over claim jumping, encroaching permit areas, sloppy record keeping, etc.;
- f) Continue and complete the privatization of the Pourra gold mine; this has, in fact, been underway for sometime though the government seems recently to have backed off the idea, perhaps because they have apparently obtained emergency EEC (Sysmin) funding of US\$1 million to acquire spare parts, etc.;
- g) Up-grade and organize geology data and, in particular, complete cartography at 1:200,000 scale, geophysical coverage of the country;

We have been discussing with the government for sometime a comprehensive technical assistance program for the sector (grafted eventually onto a sector adjustment operation). As my previous BTO's have made clear, I am disappointed and frustrated at the seeming ambivalence with which the current mines ministry officials approach this discussion. It is now clear to me that we need to build ownership for the project. After the mission of December 1993 the government, as requested, sent us a draft statement of principles for the sector. While this contains much that is useful it is still incomplete in many aspects. In order to build ownership and cross some of the fundamental policy bridges we discussed during the last mission (March 1994) a PPF to conduct the policy dialogue, revise the mine code, begin work on the fiscal aspects and perform an audit of CBMP. A preliminary schedule for these activities is attached. The government was supposed to have gotten back to us with a detailed PPF proposal; so far, nothing.

With the increased mining activity in Burkina it is now more important than ever that the government get this project moving. To get the civil service to properly focus on it will require some sort of impetus from the very top. Maybe you could raise this subject can be raised with senior government officials during Jean Louis' trip.

If I can help in any other way please let me know.

CC: Messrs. J-L. Sarbib, Anne Doize (AF5CO); S. Sagari, I. Menezes,
A. Novaes (AF5IE); Van der Veen, Walser (IENIM);
Institutional/Africa/IENIM files.

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REFORM/ACTIVITY	DESCRIPTION	CONDITION TIMING	DATES	COMMENTS
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New Mining Legislation	Prepare and submit to parliament new mining law, enabling regulations, and model investment agreement	Before Negotiations	1st draft: Nov 94; final draft: Jan 95 submission: Mar 95	PPF funded
Audit of CBMP	Technical, financial, and economic evaluation of CBMP and recommended course of action	Before appraisal	1st draft: Nov 94	PPF funded
Committment to reform CBMP	Remove monopoly of CBMP; liberalize prices;	Before negotiations	May 1995	Condition
Implementation of CBMP reforms	Restructuring of CBMP	Project implementation	FY 1997	Condition
Fiscal regime assessment	Review and assess current fiscal regime: general and mining specific	Before appraisal	March-April 94	
Fiscal regime dialogue	Discuss various tax reform measures, agree on competitive system, actions to be followed	Before appraisal	Oct - Dec 94	PPF funded
Committment to fiscal reform	Committment to: lower corporate income and dividend withholding tax rates, simplify tax regime, adopt internationally competitive practices	Before negotiations	Jan - May 94	

Implementation of fiscal reforms	Introduction of fiscal reforms; strengthening of government taxation institutions	Project implementation	FY 96-98	loan funded
Dialogue on institutional reform	Dialogue on appropriate institutional structure and functions	Before appraisal	Oct - Dec 94	PPF funded
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Implementation of institutional reform	Implementation of above	Project implementation	FY 96-98	

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THE WORLD BANK/IFC/M.I.G.A.

Headquarters: Washington, D.C. 20433 U.S.A.

Tel. No. (202) 477-1234 // Fax Tel. No. (202) 477-6391 // Telex No. RCA 248423

FACSIMILE COVER SHEET AND MESSAGE

DATE:

16 May 94

NO. OF PAGES:

(including this sheet)

MESSAGE NUMBER: \

TO

Name: \

Organization: \

Sanbid / Foster

Fax Tel. No. \

City: \

Country: \

477-8136

FROM

Name: \

Dept./Div. \

Room No. \

C.B. Andrews

Fax Tel. No. \

Dept/Div No. \

Tel. No. \

SUBJECT: \

MESSAGE:

Whitney / Jean-Louis -

Attached per your request.

Laig

Camp

Transmission authorized by: \

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

OFFICE MEMORANDUM

DATE: May 16, 1994

TO: Mr. Whitney Foster, AF5CO

FROM: C.B. Andrews, IENIM 

EXTENSION: 34275

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TRANSMISSION CONFIRMATION REPORT

No.=002697

DATE/TIME	MAY 16, 1994 11:34AM
DURATION	2m 25s
TRANSMITTER (FROM)	WB IENIM 202-477-6619 202 477 6619 WB IENIM WB
RECEIVER (TO)	----- 202 473 8136
PAGES XMITTED	05
PAGES ERRORED	
RESULT	OK
COMM. MODE	G3
RESOLUTION	NORMAL

5005509220

THE WORLD BANK/IFC/M.I.G.A.

Headquarters: Washington, D.C. 20433 U.S.A.

Tel. No. (202) 477-1234 // Fax Tel. No. (202) 477-6391 // Telex No. RCA 248423

FACSIMILE COVER SHEET AND MESSAGE

DATE: April 15, 1994

NO. OF PAGES: 1
(including this sheet)

MESSAGE NUMBER: \

TO

Name: Leif Muten

Organization: \

Fax Tel. No. 46 8 31 17 68

City: Stockholm

Country: Sweden

FROM

Name: C.B. Andrews

Dept./Div. \

Room No. \

Fax Tel. No. 202 477 6619

Dept/Div No. \

Tel. No. \

SUBJECT: Burkina Tax Study

MESSAGE:

Leif:

Since coming back to Washington it seems that other departments in the Bank and IMF have awakened to the necessity of tax reform in Burkina. This issue will be discussed during a joint Bank-IMF mission to Burkina in early May. Would it be possible to have your report on my desk by 25th April? I will be out of town next week; but if it is here on the 25th I can distribute it to the interested parties in time for them to study prior to the mission. There is a certain amount of internal politics involved here.

Also, I would appreciate an outline of your presentation to the conference (1-2 pages) when you get the chance. Also, a brief bio-statement.

I'm off to Kyrgyz republic on Sunday for a quick week. I understand they have no heat and no hot water. I'll probably regret the comforts of Ouaga.

Have a good weekend.

Best,

Craig

Transmission authorized by: \

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

46 8311768

TRANSMISSION CONFIRMATION REPORT

No.=002216

DATE/TIME	APR 15, 1994 10:21AM
DURATION	30s
TRANSMITTER (FROM)	WB IENIM 202-477-6619 202 477 6619 WB IENIM WB
RECEIVER (TO)	----- 46 8 311768
PAGES XMITTED	01
PAGES ERRORED	
RESULT	OK
COMM. MODE	G3
RESOLUTION	NORMAL

5005509220

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FACSIMILE COVER SHEET AND MESSAGE

DATE: April 5, 1994

NO. OF PAGES: **5**
(including this sheet)

MESSAGE NUMBER: \

TO

Name: Francoise Fabian
Organization: \

Fax Tel. No. 35143
City: \
Country: \

FROM

Name: C.B. Andrews
Dept./Div. \
Room No. \

Fax Tel. No. \
Dept/Div No. \
Tel. No. \

SUBJECT: Timetables

MESSAGE:

Francoise:

Please find the corrected timetables for Burkina and Mali projects, as per your memo of 8 March. I have been away on mission so even though I missed the last deadline these changes can be incorporated into the next one.

Craig



Transmission authorized by: \ 

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

1884 (2-90)

LNRER10

AFRICA - COUNTRY DEPARTMENT V
LENDING OPERATIONS TIMETABLE

RUN DATE: 03/04/94

COUNTRY: BURKINA FASO
 PROJECT: 3BURPA044 - MINING CAPACITY BUILDING
 MANAGING UNIT: 23030
 BORROWER: GVT OF BURKINA
 IMPLEMENTING AGENCY: TBD
 LEAD ADVISOR: STRONGMAN
 LENDING INSTRUMENT E.A. COMPL DATE:
 MAJ: SIL MIN: LOAN TYPE:

FY AND STATUS : 96 L
 ORIG.ID:
 TASK MGR DIV: 23830
 TASK MGR NAME: ANDREWS
 PROBABILITY RATING: C

ENVIR ASSESS CAT B
 CAS DISCUSSION: N

MAJOR SECTOR: NN 100%
 OTHER COMP: 1. 0% 2. 0% 3. 0% 4. 0%

PROGRAM OBJECTIVE CODES AND PERCENTAGES:

IMPACT ON OBJECTIVES: PRIMARY: EN 2.PV 3.PA 4. 5.

% INPUT TO OBJECTIVES : PRIMARY: 40% 2. 30% 3. 30% 4. 0% 5. 0%

PROGRAM OF TARGETED INTERVENTION(Y/N):N CORE ENVIRONMENT PROGRAM (Y/N):N

----- PROJECT OBJECTIVES AND DESCRIPTION -----

DEVELOPMENT OF MINING OPERATIONS IN BURKINA IN ORDER TO DIVERSIFY THE
 ECONOMY AND INCREASE FOREIGN EXCHANGE REVENUES

L/C AMT US\$M		SIL	TOTAL FINANCING PLAN US\$M		
IBRD - A :	.0	.0	LOAN/CREDIT AMOUNT:	40.0	
IBRD - B :	.0	.0	COFINANCING CONF. :	.0	
IDA :	40.0	.0	LOCAL CONTRIBUTION:	.0	
IDA(SDR) :	28.6	.0	FINANCE GAP :	.0	
SFA :	.0	.0	TOTAL PROJECT COST:	40.0	
SFA(SDR) :	.0	.0	(OF WHICH LOCAL):	.0	
COFINANCING PROSPECTS (Y/N): Y			Full Board Discussion : Y		
CORE STEPS			LOCAL STEPS		
CORE STEPS	LAST MONTH	THIS MONTH	STEP NAME	LAST MONTH	THIS MONTH
Initial EPS	: 12/15/90A	12/15/90A	UPDATED IEPS	12/15/92A	12/15/92A
Depart. Preap	: 12/05/93A	12/05/93A	PREP MSN	09/15/93A	09/15/93A
Preap. Review	: 04/05/94		PREP MSN II	12/15/93A	12/15/93A
EPS/IM to QC	: 08/05/94				
Depart. Appr.	: 01/05/95		FINAL DOCS RVP		
Yellow Cover	: 03/15/95		FINAL AGMT		
Docs to RVP	: 04/15/95		DOCS TO EDS		
Invit. To Neg	: 05/05/95				
Start Negs	: 06/05/95				
Board Approval	: 07/02/95				

----- REASONS FOR REVISIONS / COMMENTS -----

NEXT PROCESSING STEP DEPENDS ON RESULT OF AGREEMENT ON STRATEGIES FOR
 SECTORAL DEVELOPMENT. A REVISED EPS WILL BE PRODUCED SHORTLY. ONCE THE
 COUNTRY TEAM HAS DISCUSSED THE NEW IEPS.
 FY HAS BEEN POSTPONED TO ALLOW FOR INCREASED PARTICIPATION OF THE
 GOVERNMENT IN PROJECT PREPARATION.

CONSULTING SERVICES (IN STAFFWEEKS) PROJECT MAY REQUIRE:

ACTION ON PROCUREMENT (MILLIONS OF DOLLARS OF ICBS ANTICIPATED):

Manpower Cost Summary (In Staffweeks)						
Total	Of Which					
	Div H.L.	Div Asst.	Div Cons.	VP-Other	Other	
FY71 To 94	39.1	4.0	.0	3.2	31.3	.6
FY94 Actual	48.2	9.7	.0	.0	32.9	5.5
FY94 Orig Plan	40.0	15.0	.0	10.0	.0	15.0
FY94 Rev Plan	36.0	6.0	.0	16.0	.0	14.0
AFTER FY94(RP)	20.0	20.0	.0	.0	.0	.0

SIGNATURES

MANAGING DIVISION CHIEF MM / DD / YY TASK MANAGER MM / DD / YY

LNRER11

RUN DATE: 03/04/94

AFRICA - COUNTRY DEPARTMENT V
LENDING OPERATIONS CO-FINANCING SCHEDULE
AS OF END FEBRUARY 1994

-----HEADING INFORMATION-----

COUNTRY: BURKINA FASO	FY AND STATUS: 96 L
PROJECT: 3BURPA044 -MINING CAPACITY BUILDING	TASK MGR DIVISION: 23830
MANAGING UNIT: 23030	TASK MGR NAME: ANDREWS
BORROWER: GVT OF BURKINA	LAST STEP COMPL: DEP, PREAPPRAISAL
IMPL.AGENCY: TBD	SCHED. BOARD APPR: 07/02/95

-----PROGRAM OBJECTIVES AND DESCRIPTION-----

DEVELOPMENT OF MINING OPERATIONS IN BURKINA IN ORDER TO DIVERSIFY THE
ECONOMY AND INCREASE FOREIGN EXCHANGE REVENUES

L/C AMT US\$M -	SIL	TOTAL FINANCING PLAN US\$M
IBRD - A :	.0	LOAN/CREDIT AMOUNT: 40.0
IBRD - B :	.0	COFINANCING CONF. : .0
IDA :	40.0	LOCAL CONTRIBUTION: .0
IDA(SDR) :	28.6	FINANCE GAP : .0
SFA :	.0	TOTAL PROJECT COST: 40.0
SFA(SDR) :	.0	(OF WHICH LOCAL): .0

-----COMPONENTS AND ITEMS TO BE PROCURED INTERNATIONALLY-----

CONSULTING FIRMS.

-----COFINANCING DETAIL-----

TYPE	COUNTRY	AGENCY NAME	AMOUNT	STATUS
------	---------	-------------	--------	--------

*TYPE: P/PRIVATE, O/OFFICIAL, E/EXPORT CREDIT

*STATUS: A/APPROACHED, I/INTEREST EXPRESSED BY COFINANCIER, C/CONFIRMED,
U/UNIDENTIFIED

TBWPRMT - Sector Report
 Timetable Includes Regular Budget
 TRS Data as of 02/26/94, Work Program Data as of 02/26/94

Run time: 02/28/94 at 19.21.53

Section I: Heading Information

ID And Name : 3MLISR044-MINING DEVELOPMENT	FY And Status : 95-A
Country : MALI	Managing Div. : 230/30
Task Manager: CRAIG ANDREWS	Task Mgr Div. : 230/30

Topic Code : IST	Final Cover : W
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Audience Code:

Major Sector: NN 100% Minor Sectors: 1. 2. 3. 4.

Section II: Descriptive Data

Description/Comments:

DISCUSS THE IMPACT OF MINING DEVELOPMENT IN MALI.
 THIS NOTE WILL SUMMARIZE THE EXPERIENCE OBTAINED IN THE IMPLEMENTATION
 OF OUR MINING PROJECT IN PARTICULAR THE POLICY AND STRATEGY DEFINITION
 AND CONSENSUS BUILDING COMPONENT.

Impact on Objectives: Primary 1. EN 2. PV 3. 4. 5.
 % Input to Objectives: Primary 1. 70 % 2. 30 % 3. % 4. % 5. %
 IS TASK PART OF : 1) PROGRAMS OF Targeted Intervention (PTI) (Y/N)? N
 OR 2) CORE Environment Program (Y/N)? N

Section III: Processing Stages And Schedule

Core Steps	FY93		Local Step Name	FY93	
	Orig Plan	Revised Plan		Revised Plan	
1. Init. Memo :					
2. Main Mission :					
3. White Cover :		03/30/95			
4. Yellow Cover :					
5. Green Cover :					
6. Govt Disc. :					
7. Gray Cover :					

Section IV: Manpower Cost Summary (In Staffweeks)

	Total	Div H.L.	Div Asst.	Of Which Div Cons.	VP-Other	Other
FY71 To 93	.0	.0	.0	.0	.0	.0
FY93 Actual	.0	.0	.0	.0	.0	.0
FY93 Orig Plan	3.0	1.0	.0	.0	2.0	.0
FY93 Rev Plan	.0	.0	.0	.0	.0	.0
AFTER FY93(RP)	3.0	3.0	.0	.0	.0	.0
Expected Total Staffweek Cost:		3.0				

TBWPRMT - Project Supervision
 Timetable Includes Regular Budget
 TRS Data as of 02/26/94, Work Program Data as of 02/26/94

Run time: 02/28/94 at 19.45.39

Section I: Heading Information

ID And Name : 3MLIPA074-MINING CAPACITY	FY And Status : 92-L
Country : MALI	Managing Div. : 230/30
Task Manager: CRAIG ANDREWS	Task Mgr Div. : 230/30

Lead Advisor: Agency Responsible:TBD

Major Sector:NN 100% Minor Sectors: 1. 2. 3. 4.

Section II: Descriptive Data

Description/Comments:

Loan Amount: (\$ Million)

IBRD :	.0
IDA :	6.0
IDA(SDR) :	4.4

Total Finance Cost: (\$ Million)

Loan Amount :	6.0
Cofinancing :	.0
GAP :	-2.5
Total Project Cost:	3.5

→ Govt 0.5
 Total 6.5

Impact on Objectives: Primary 1. EN 2. 3. 4. 5.
 % Input to Objectives: Primary 1. 100% 2. % 3. % 4. % 5. %
 IS TASK PART OF : 1) PROGRAMS OF Targeted Intervention (PTI) (Y/N)? N
 OR 2) CORE Environment Program (Y/N)? N

Section III: Processing Stages And Schedule

Core Steps	FY94		Local Step Name	FY94	
	Orig Plan	Revised Plan		Revised Plan	
1.Board Approv	:06/17/92 A	06/17/92 A	LAST MISSION	11/29/93 A	
2.Signing Date	:08/24/92 A		NEXT MISSION	03/15/94	
3.Effect Date	:04/24/93 A		EFFECTIVE	03/22/93 A	
4.Closing Date	:06/30/97 A	06/30/97			
5.PCR Draft	:				
6.Govt Approvl	:				
7.PCR Complete	:				
8.Last Mission	:05/25/93 A				
9.Next Mission	: 09/93 A				

Next Mission 7/15/94

Section IV: Manpower Cost Summary (In Staffweeks)

	Total	Div H.L.	Div Asst.	Of Which Div Cons.	VP-Other	Other
FY71 To 94	20.1	5.7	.0	.0	9.8	4.6
FY94 Actual	5.3	1.1	.0	.0	.0	4.1
FY94 Orig Plan	20.0	5.0	.0	.0	.0	15.0
FY94 Rev Plan	16.0	2.0	.0	.0	.0	14.0
AFTER FY94(RP)	16.0	16.0	.0	.0	.0	.0
Expected Total Staffweek Cost:	52.1					

TRANSMISSION CONFIRMATION REPORT No.=002015

DATE/TIME	APR 5, 1994 5:25PM
DURATION	2m 5s
TRANSMITTER (FROM)	WB IENIM 202-477-6619 202 477 6619 WB IENIM WB
RECEIVER (TO)	WB AFSIE-IN 202-473-5143 35143
PAGES XMITTED	05
PAGES ERRORED	
RESULT	OK
COMM. MODE	G3
RESOLUTION	NORMAL

5005509220

*J. V. A. Tax**Enrolled residents?
ADP
Credit against income tax
provision for rehabilitation**April 94*

Stockholm, Sweden, April 25, 1994

Mr. Craig Andrews
IBRDSubject: Burkina-Faso: Report on fiscal mission

1. Introduction

In the period March 26 to April 2, 1994, I visited Ouagadougou as part of your PPF mission in the framework of the mining sector capacity building project. The main purpose of my visit was a review of the tax system with particular emphasis on the mining sector.

For this purpose, I visited the Customs and Tax Directorates, as well as the Chamber of Commerce, the Social Security Administration, the School for Fiscal Studies (ENAREF), and the University of Ouagadougou. I also had conversations with tax, mining, and accounting experts. I was received with great friendliness and openness. However, the effectiveness of my brief mission was somewhat hampered by the short working-days applying during the time of the African soccer championships, as well as the tight security around the hotel due to the state visit of the President of Sao Tomé and Príncipe.

As is often the case, particularly in the French African countries, there is a rather disturbing discrepancy between the tax system as it appears in the statute books and the actual realities. The tax law is an extremely complicated product of French tradition, whereas the resources of the tax administration, even allowing for a high level of theoretical education, are not sufficient to implement the system as it is conceived. Much use is made of practical shortcuts, exemplified by but not limited to minimum taxes and forfait methods.

What is more serious, there seems to be considerable arrears in the collection, both of taxes and social security contributions. There is, as could be expected in a country with the French tradition, no coordination of the two collecting agencies. Moreover, the financial resources are not at hand to honor the refund obligations under the VAT system. All that is offered is a credit account with Customs, an advantage of limited value to enterprises already benefitting from customs exemption on important parts of their inputs. It is noteworthy that this failure to implement the VAT makes firms interested in VAT reliefs on inputs, thus giving rise to pressures leading to unnecessary complication of the statute.

Management weaknesses also explain the lack of relevant revenue statistics. It was not possible to get up to date figures on the contribution of different taxes to the budget, nor on the number of taxpayers enrolled for the purpose of each levy. The IMF expert helping out on these matters, M. Lost, had spent close to a year in the country and felt that very little headway had been made on this count; his assignment would end in May, and there is reason to believe that his report will convey a rather dim view of the situation.

2. The mining investment code and the BHP agreement

My first objective was a review of the mining investment code, enacted May 23, 1993. In this regard, I may refer to the rather critical memo on the code that I gave you on March 29 (the text of the memo is attached to this report). As is shown in the memo, the code is not a perfect document, not even from a purely technical point of view. What is particularly disturbing in this context is that much of the text of the code has been verbally taken over in the concession agreement signed with BHP on February 19, 1994. As I see it, this agreement does not set an ideal pattern for future agreements of this kind.

Among the main points to discuss in the BHP agreement is the distinction made between the statute for permits and the one for concessions, the lack of clarity with respect to VAT on inputs, the customs rules, the role of the CBMP, the 15 percent participation by the government, and the relative importance of profits taxes and mining royalties. Finally, some thought might be given to the high-grading issue as well as to the question of reserves for landscape restoration after the mining operation is terminated.

a) The distinction between permits and concessions

The agreement includes the possibility of letting an operating subsidiary work under a permit rather than a concession, thus being the beneficiary of a 5 year tax holiday under the profits tax (BIC). Yet, according to the pattern of the investment code, the code provision allowing accelerated depreciation enters in the agreement with application to both permit and concession cases, opening the possibility that accelerated depreciation may be forced upon the company even during the holiday period. As noted in my memo, accelerated depreciation is a positive incentive only if combined with a profits tax. If the profits tax is waived, the enterprise will have an interest in postponing its depreciation allowances until the holiday period has expired. The fiscal interest, on the other hand, is one of a fair distribution of the profits between the holiday period and the time thereafter, implying mandatory depreciation during the holiday period, but only to the extent that represents normal wear and tear, in other words the normal depreciation provided for in the tax code.

Regrettably, the tax code is not very generous on this point. Art. 6 § 3 2°, the second last subparagraph, makes the degressive depreciation method mandatory for those enterprises that benefit from the tax holiday provisions established under Art. 4. This may be seen as clawing back some of the benefit offered through the tax holiday provision.

b) The VAT rules

A VAT exemption is stipulated for imported material and machinery during the prospecting stage, whereas for the exploitation stage the agreement (Art. 23) confirms the self-evident rule

that exports are VAT exempt, without at the same time confirming the firm's right to reimbursement of input VAT paid for the purposes of export production. The regular VAT law contains provisions for VAT credit to be taken against output VAT (or refundable in the case of exports) even with respect to inputs acquired before the production stage--a certain reduction is foreseen in this respect if the inputs concern depreciable assets (Code des impôts Art. 239). Since nothing is said in the agreement about this or about guarantees for VAT reimbursement, there is some fear that in actual interpretation, the mining enterprises will be left with an exemption on their exports but with no effective reimbursement of input taxes.

Obviously, any clarification in this respect will be of limited value only, as long as the VAT refund system is not working in a satisfactory manner. Something is said about that in section 3 h) below.

c) The customs exemptions

On the customs side, one must note the lack of precision as to which type of temporary admission will apply at the prospecting stage, and what the customs procedure will be at the sale or cession of goods imported under the customs exemption established at the exploitation stage. A particular problem arises with respect to private cars imported by expatriate staff. According to the agreement (Art. 17.2), one car per household is permitted under temporary admission. The common rule for temporary admission is that full duty (based on the value for duty at the time of original importation) is levied, if the goods are not reexported within the time allowed for the temporary admission. With respect to private cars, however, there is not very much point in requiring wrecked or heavily used cars to be reexported. Rather, some provision should be made for how customs will apply at the sale or wrecking of cars imported under temporary admission, based on a reasonable write-down of the original value, with full exemption, say, after 5 years.¹ Of course, there may already exist provisions of this kind, included in the customs regulations, but not in the BHP agreement.

d) The role of the CBMP

The agreement (Art. 38 and Annexe F) foresees a remaining role of the CBMP, thus opening the door for some potential revenue leakage. There are also less than transparent stipulations on how the metal royalty will be computed. As a general observation, it seems somewhat odd that the government will insist on CBMP to take on the limited task of taking over the gold

¹ Some African countries have tried an alternative rule, under which cars not reexported have to be tendered to government that will pay an estimated (low) price for them. This is not a very practical procedure.

at the point of extraction, transporting it to Ouagadougou and handing it over to the foreign refinery or other recipient designated by BHP minerals. All this will be paid for by an amount corresponding to what it would have cost the corporation to render the same services, with a 4 percent addition for overhead costs.

It goes without saying that government has the right to exercise such control over the production of the corporation as is needed to ensure fulfillment of the agreement, including such tax and royalty payments as are derived from the corporation's production, turnover, and net profit. Such control, however, need not be effectuated by a government corporation's entering the production and distribution chain. Moreover, whereas it is difficult to envisage the corporation accepting to pay the actual costs to CBMP, it would seem rather impractical for CBMP to be paid on the basis of a theoretical cost figure, on which neither side will be able to produce full evidence.

It is not clear whether CBMP expects to make a profit on this operation or not. The wording of the agreement gives no indication in that direction, nor does it exclude that CBMP will register a loss on its part of the operation. The latter does not seem to be in government's interest. If the former is expected to happen, the mandatory use of CBMP's services might be interpreted as another burden on the operation.

The recommendation has been made, in particular in view of the high incidence of smuggling of the production of artisan mining, that the monopoly position of the CBMP be abolished, or even that the CBMP be liquidated. A general observation in this regard is that taxation by exercising monopoly power is often an unfair and uneconomical method of taxation. The reason is that the effective rate of tax is difficult to discern, and that, e.g. by inducing smuggling, excessive monopoly profits (or rather "taxes") may cause more losses of producer and consumer surplus than would be necessary to collect a corresponding amount as a pure tax.

e) The government participation

The present concession agreement is based on the production being subject to tax both in the form of the metal royalty and in the form of corporate income tax (BIC) and withholding tax on dividends (IRVM). In addition, government is taking up without compensation a 15 percent participation that will also extend to future increases of capital. Obviously, this kind of arrangement is not new, and there are indeed some arguments in its favor. One is that the government share is a kind of payment for the preparatory work done under government aegis to survey the area etc. Another is the argument that by taking up a share, government will get some part of the profits, if the venture is successful, while not getting anything--albeit not sharing in the loss, either--if the venture turns sour. Third, the argument is sometimes heard that foreign-owned ventures enjoy more understanding for their needs and better treat-

ment by the host government, if that government, by taking up a participation, gets a material interest in the well-being of the enterprise.

While these arguments may to some extent be valid, it is obvious that the government participation in fact implies nothing more than a mandatory payment to government related to dividends paid, including liquidation dividends, if any. If ordinary taxes are profit-related--and both the profit tax and the IRVM are of course so--Government has already through these taxes availed itself of a considerable part of the profits. Accordingly, government will have an interest in profits being substantial, fulfilling both the expectations of the investors and of government itself.

If, however, there are doubts as to whether the correct profit of the venture will be duly shown on the books and whether the correct taxes will, accordingly, be paid, the same doubts will reasonably apply to the expectations of government as a shareholder to receive dividends in accordance with the real profit of the enterprise.

The concession agreement contains certain clauses related to this issue. A limit (2 percentage points above LIBOR) is stipulated for the interest rate charged on credits offered by the parent corporation to the subsidiaries in Burkina Faso. There are limits set to the overhead costs incurred by headquarters that may be charged to the subsidiaries. The ordinary tax law provides, as do virtually all such laws, for adjustment, if transfer prices used between related enterprises deviate from arm's length prices. Yet, experience has shown that if the motivation is strong enough, there are ways around this type of provisions. The opportunities of checking transfer prices for a small country administration are usually inadequate. It is difficult even to establish that a price paid is not at arm's length, notably if the deal has been made with a firm, about which the authorities might not have a chance to know that it is affiliated.

By increasing its stake in potentially high profits to be shown in the future, Government increases the motivation for the investors to circumvent the tax and sidestep Government's desire for a high dividend yield on its participation.

f) The relative role of royalties and profits tax

A strong argument can be made for a different approach, allowing Government an easily controlled basic royalty, related to the metal price and the production volume, while allowing the investor a relatively large share of the profit shown on the company's books. This could be done by a somewhat progressive royalty on the metal production, combined with a modest income

and dividend tax, against which the royalty payments might be credited.²

The advantages of such a system would be the following: 1) Government, needing a stable revenue and lacking the economic strength to enter a considerable risk, would receive some revenue as long as the mine would produce and metal be sold. 2) The complicated task of auditing the corporate books, establishing the correct profit, would be less essential for the purpose of establishing the government share in the profit of the operation, since the royalty would offer the main revenue expected from the normal operation. 3) The investor, if showing a profit large enough for the profit tax to exceed the royalty amount, would face a reasonably low tax, and would not have to share dividends with the government more than dictated by the (presumably modest) IRVM. He would therefore have less of a motive than now to minimize the profits shown in Burkina Faso.³ 4) If the metal price would rise beyond one or more thresholds, there would be provision for a higher royalty rate. Again, this would relate the government revenue increase to the numbers most easily controlled.

g) The high-grading problem

Government has, however, two more interests in the operation. One is the prevention of tax-induced high-grading, in other words, the tendency of the mine operator to bypass less rich parts of the mine in favor of making a better profit by taking out only the richest ore or the ore least costly to mine. The economics of the matter is clear: if the cost of mining the ore exceeds the value of the product, the ore is worthless and should be left in the ground, possibly awaiting another time with higher prices and/or lower mining costs. If, however, the relation between the cost of the mining operation and the producer price is changed as a result of taxation, there is a risk that ore is left in the ground not because it is worthless but because taxation makes it unprofitable to mine it. This is not a desirable situation.

² As a matter of practical adaptation to US foreign tax credit rules, the credit operation would technically go the opposite way, the profit tax always being assessed and the profit tax payments credit against the guaranteed royalty. The end result would, however, not be different. (Cf. Section 4 of the attached memo.)

³ In this context, it is worth pointing out that Burkina Faso has kept its BIC rate considerably higher than the corresponding rates in several neighbor countries, e.g. Senegal. By this policy, the country has put itself in a more difficult position with respect to the circumvention of the tax code by transfer pricing than it would have been in, if its tax rate had been as low or lower than the tax rates in competing countries. (Alternatively, one might, of course, argue that by reducing their rates, these neighbor countries have improved their competitive position vis-à-vis Burkina Faso.)

Tax-induced high-grading might come about, if the tax is levied on the gross output, whereas the mining costs, in the absence of a net profit tax system, are not effectively reduced by being tax deductible. This distorts the relation between the net potential revenue of the product and the costs, net of tax, of mining it. A progressive royalty may be seen as adding to the problem, in as much as any stimulus to using low-grade ores offered by rising prices will be reduced by the effect of the progressive royalty rate.⁴ On the other hand, it is often argued that in a situation of falling prices, high-grading might be avoided by setting a threshold price, under which no royalty is charged.

g) Reserves for landscaping

The other point is the financing of restoration measures after the mining operation is over. Here, the obvious solution seems to be the setting off of mandatory reserves to ensure that sufficient reserves are at hand for the mining company to fulfill its duties to the environment and leave a safe and attractive area behind rather than hazardous shafts, dilapidating structures, and a destroyed landscape.

The problem here is that setting off money for the restoration as a reserve during the period of operation, if it is done as book reserve, gives no guarantee for the necessary funds to be at disposal at the time the mining period is over. Certainly, a reserve of this kind, if properly accounted for, will reduce the opportunities for paying dividends. It will, however, not offer any guarantees against the erosion of the corporate assets, something that quite often tends to occur towards the end of a mining operation.

It is conceivable, particularly as a condition for setting off a tax free restoration reserve, that the funds are placed in an earmarked and blocked account with the central bank, from where it can only be taken out to cover restoration costs, until the restoration work is certified to have been successfully completed. It is possible, however, that inflation will erode such a reserve. Moreover, it might be a hardship on the mining enterprise to have to keep the money at no or low interest, while at the same time being dependent on more expensive credits to finance the current operation.

⁴ In contrast, however, there may be a somewhat perverse tendency to high-grading, sometimes observed when metal prices are particularly high. In such a situation, it might be regarded as rational to use high-grading to increase production, maximizing the production to make the best possible use of the high price, and coming back to lower-grade ores at a time when there is less of a motive to increase production. In that situation, the progressive royalty might have a dampening effect that will counter the temptation to high-grading.

It might be argued that given the potentially precarious situation of the mining corporation at the time the useful life of the mine is over, it would be a safer solution to let government take the responsibility for restoration. Part of the mining royalty could be earmarked for this purpose. It is conceivable, however, that the set-aside of funds for this purpose might be subordinated to more urgent government needs, leaving no funds for restoration once the time has come.

Obviously, none of the solutions outlined above is perfect. In actual practice, it would seem rational to trust the mining corporations to be in the best position to do the job. In agreements, guarantees should be sought, either by special funds or by bank guarantees, for the upkeep of the financial resources necessary to fulfill the obligation to restore the landscape.

3. Tax reform issues

a) General remarks

Coming back to the general issue of tax reform, it is never easy to motivate a country to take outside advice on a matter as close to the sovereignty issue as taxes. Burkina Faso has no record of particular openness in this regard, and it would prima facie seem a more promising perspective to draw on local expertise to turn developments.

In this respect, it seems particularly important to establish a close relationship with the ENAREF senior staff, and also to seek contact with the Dean of the Law School at the University of Ouagadougou, Professor Filiga Michel Sawadogo.

It is a rather general experience from technical assistance work in the fiscal field that wholehearted efforts to make new rules work can be expected only from those local administrators and politicians, who have themselves absorbed the ideas of the outside experts to a point where they identify them as their own. On the other hand, those who feel that they and their experience have not been drawn upon in the reform operation, may turn alienated. Yet, they might still have in their power to sabotage the system, if not directly so, so at least by implanting the attitude that what the foreign experts have brought is not sufficiently adjusted to the local conditions.

I bring this point here, not because it is new or original--it certainly is not--but because my impression from the interviews I had in Burkina Faso is that tax reform work is prepared in rather closed circles. The need for rethinking and modernization might be seen more clearly by some of the experts just mentioned than by some people in government positions. The impact of foreign experts might correspondingly increase, if they establish a productive contact with the former. Needless to say, this has to be done without compromising their obligations vis-à-vis the government to observe secrecy rules.

Establishing good contacts with ENAREF and the University is important, also in view of the need for quality improvement in the tax administration. I was told that until a few years ago, DGI issued documentation each year containing all legislative changes from the preceding year. This service had been terminated. Meanwhile, according to the information received, questions put in writing to the DGI on issues, where the tax law was not sufficiently clear, went without an answer.

While much of the tax legislation shows a remarkable degree of sophistication, it is, nevertheless, difficult to escape the impression that the country's tax system needs refurbishing, and this mainly in two respects. One is establishing a more realistic relationship between the text of the tax laws and the realities facing taxpayers and tax administrators. Another is the concentration of the administrative effort on those levies and taxpayers promising the most significant results. In this respect, some progress is about to be made in the DGI, in the form of the establishment of a special unit dealing with the most important taxpayers, an initiative strongly supported by the IMF.

Moreover, some efforts have been made to abolish certain levies of minor importance. A good deal more should be done here. The cumbersome and excessive use of stamp duties, e.g., represents an old tradition never well adapted to the needs of a country such as Burkina Faso. Still, these duties occupy more time than income taxes on the lecture schedule of the ENAREF.

b) Operational statistics

It was noticeable that the revenue authorities did not have statistics at hand to provide information on fundamental data such as the revenue contribution of different levies, number of taxpayers in different categories, percentage of taxpayers audited, and the like. It was a point of frustration to the UNDP/IMF expert attached to the DGI, M. Lost, that so little had been achieved in this respect. I could not establish whether the disappointing development in this area should be ascribed to excessive secrecy, to the need for cover-up of weaknesses, or to lack of understanding for the operational importance of such statistics.

c) Taxpayer identification numbers

An effort to introduce a taxpayer identification number (TIN) had been initiated, in part as a means of facilitating contacts between customs and DGI. The importance of customs information to identify traders and estimate their probable turnover is certainly great, and given the computerization of the customs procedure now in progress, the use of identical identification numbers for importers and taxpayers should facilitate cross-information. (I can, of course, say very little about customs, but it is evident that smuggling is a problem to any country with such a vast land-border, in particular to Togo and Benin. Moreover, the need to seal and/or escort incoming trucks to submit

them to customs control in central locations, raises important control problems.)

I was not able in the short time to find out how far, exactly, the taxpayer numbering project had advanced. What I did find, however, was that there was little if any established collaboration between the social security service and the revenue authorities. Since a social security number, unchangeable in a person's lifetime, does exist, covering approximately 16 percent of the population, the absence of a common numbering system for individuals for both tax and social security purposes needs a good deal of explanation. So does the fact that there is allegedly no compatibility between the data processing systems used by the two authorities.

As to the use of the TIN for tax purposes, there was understanding for the priority need of establishing a taxpayer master file with a search facility based on the TIN. With the multitude of taxes applying in Burkina Faso, the need for a coordinated master file is particularly great. Moreover, such a file is indispensable for a tax clearance certificate (attestation de situation fiscale, Art. 401 C.G.I.) to be efficiently and correctly issued. Whereas these certificates seem to be excessively used under present rules (cf. under f below), it would probably be difficult to convince the authorities that they should not be made use of at all.

d) The function of the patente

Burkina Faso imposes a French style patente, differentiated in classes according to location and line of business, but also including variable elements. These are primarily annual rent or rental value of the premises, but in certain cases also number of employees or physical capacity or output. Lacking revenue statistics, it is difficult to establish how effective this levy is as a revenue-raiser. Experience in other countries has shown that the graduated element of the patente has rather small importance, whereas using the tax as a means of facilitating taxpayer identification might well be a rational element of the tax system. In other words, by requiring that taxpayers pay their patente and keep the evidence thereof clearly visible in their shops, taxicabs, etc.--provided some reasonable amount of control is exercised over the compliance with the rule--the tax authority will be provided with a listing of potential taxpayers to other taxes, in particular, of course, the profits tax (BIC).

In contrast, the use of employment figures to establish the class of taxpayer is, in principle, against the best interests of a country where unemployment poses a great problem. The assessment of rental value, production capacity, etc. will, if done with some degree of exactitude, require too much administrative effort to be worth it. A simplification of the patente with a view to concentrate its use to the taxpayer identification function should be considered. Any revenue loss might be made up for by a strengthening of the forfait system as well as of the minimum tax (IMFPIC).

e) Audit

Needless to say, the mission did not allow a sufficiently thorough study to establish a firm opinion on the situation in all respects. One impression, however, was that there was a clear distinction between the taxpayers in the formal sector, assessed on the basis of their actual income, and presenting proper accounts, and those taxpayers who might pay their patente and some profits tax à forfait, but who, with regard to auditing, choose to make a deal with the tax officer. It is, of course, important to enforce the rules so as to prevent this from happening.

Moreover, the difficulties of tax auditing are increased by significant discrepancies between the tax rates in neighbor countries and in Burkina Faso. In principle, a country is in a better situation, if its tax rates are such that internationally active taxpayers prefer to show their profits in that country rather than in neighbor countries. Burkina Faso is under some pressure in this respect, the tax rate in Senegal, for instance, being much lower. It is unlikely that the tax audit operation, even if specifically directed towards transfer pricing and other methods to move taxable profits abroad, could be as efficient in Burkina Faso as to make up for this pressure.

One way of diminishing the relative importance of the audit procedure is the use of minimum tax provisions. The matter has been discussed with respect to mining under 2 f) above. It has a broader bearing, however, taking into regard the minimum tax, Impôt minimum forfaitaire sur les professions industrielles et commerciales (IMFPIC) provided for under Art. 111-119 of the code. The tax is based on turnover, and the rate is 0.5 percent. This is not a high rate, compared to what is usual. There are exemptions for all those under forfait, as well as those tax exempt under Art. 4, including enterprises enjoying the normal five year tax holiday.

It should be noted, however, that both the minimum tax provision and the conditions stipulated for the forfait are related to turnover, and that the correct turnover figure will usually be difficult to control without some form of audit. Moreover, the transfer pricing issue will, in all those cases where a taxpayer sells to related enterprises or persons, be important to the turnover estimate, although, of course, less so in relative terms than to the net profit figure.

Finally, reference should be made to the fact that Art. 116, establishing a credit of the minimum tax paid against the net profit tax assessed under the BIC provisions, does not ensure the creditability of the IMFPIC against US income tax (cf. footnote 2 under 2 f) above).

f) The use of tax clearance certificates

As mentioned under c), the use of tax clearance certificates (attestations fiscales) is unusually extensive. Under

Art. 401 2° Code des Impôts, they are not only required for supplies to and contracts with the government, for professional imports, and for licensing (agrément) as purchaser of raw materials as well as other forms of licensing. Tax clearance certificates must also be required by manufacturers, importers, and traders for each purchase by their clients, to the extent these are wholesalers or semi-wholesalers. Banks have to require them from all professionals seeking their assistance. The penalties for violating these rules are high: CFAF 200,000 for the first offence and 500,000 for all following ones.

It is easy to understand that these rules are understood as cumbersome. The issuance of a certificate requires four signatures as well as a small fee of CFAF 500. Lacking a central computerized taxpayer master file, the issuance, if based on a proper check, must require presentation of full documentation by the taxpayer, alternatively an extensive search in different files by already overburdened tax officials. The third possibility is for the certificate to be issued without the necessary evidence. In these cases, the whole certificate has no practical meaning, yet, indications are that these occurrences might not be uncommon.

The use of certificates of this kind should be restricted to the dealings with government (public contracts, licensing) now prescribed. A bank will in all likelihood for its own protection find out whether a client is burdened by overdue tax debts, before supporting him with credits. And as to wholesalers and semi-wholesalers, they are probably too many to allow the law to be properly observed without clogging the system.

Instead, the work to set up and bring to use a taxpayer master file should be accelerated. With such a file, the tax authorities will be able to continuously pursue non-payers and stop-filers. Identifying those who fall into these categories will be much more general and rapid than under a system, where one has to wait until a transaction comes up requiring a tax certificate, before an alarm signal might register with the tax authority.

g) Collection

It is gratifying that collection has now in most cases been moved from the Treasury to the DGI (of course with a functional differentiation in staffing, different officers being entrusted with assessment and collection, respectively). It is less encouraging to notice that the country has two parallel collection agencies, the Social Security (CNSS) and the DGI. Whereas there is some effort, on an experimental basis, to establish collaboration between the Social Security Administration (CNSS) and the DGI on taxpayer identification, the answer with respect to collection was again quite negative. The money collected for social security purposes is seen as earmarked for these, and it would not be acceptable to collect taxes and social security contributions in a common pool with some other authority

deciding how much of the collections would go to one purpose or the other.

There is an assumption that people would be happier paying social security contributions than taxes. This assumption is not necessarily true, but at least quite commonly made elsewhere. In Burkina Faso, however, the mission was told that the situation was quite the opposite. It was maintained that the tax authorities used harsh methods to enforce collection, including the closing down of businesses, whereas the social security office had much less power and for that reason met with much less readiness to pay. Arrears had built up to the tune of CFAF 1 billion, or as much as is paid out in social security benefits each year.

It is somewhat difficult, given this startling figure, to understand the reluctance of the CNSS to accept a coordinated collection service. The issue is not easier to understand in view of the impression, gained at the DGI, that even on the part of that authority, tax arrears are seen as an extremely troublesome problem. A study of a possible coordination effort is recommended, but given the ingrained philosophical difficulties many Burkinabè have with a coordinated system, one should not be too optimistic about its introduction in the near future.

h) VAT refunds

As mentioned above (section 2 b), complaints are widely heard about the unsatisfactory working of the VAT refund system. The rollover of VAT refund claims to the next period was the rule, and even those who, as exporters, consistently filed negative tax returns, were, as was told to the mission, more often than not just given a credit against future customs payments.

In this regard, it is only too easy just to insist on prompt refunds, particularly to exporters. Experience, even from industrial countries with well developed tax administrations, does, however, indicate that VAT fraud is most important just in this area. It is therefore understandable when tax administrations in countries like Burkina Faso tend to raise obstacles to VAT refunds, thus making this kind of tax fraud virtually impossible, but regrettably at the expense of those regularly exporting VAT-payers whose activities are particularly important to the country.

The remedy here is a two-pronged approach, including on the one hand a prompt refund to those regular exporters, whose VAT situation is well established, on the other hand a reasonably quick refund to those, who claim a refund in connection with exports without having a record with the tax authority as regular exporters. Those in the latter category should, however, be checked before obtaining their refunds, the VAT registration numbers of suppliers and the customs declaration details with respect to imported inputs being cross-checked with the VAT returns of the suppliers and with the Customs reports. Even regular exporters should, of course, be audited from time to time. With

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respect to VAT refund claims not related to exports but to unusually large inputs, the refund claim should, as now, be carried forward to the next VAT return and the following ones until it has been consumed by output tax.

i) Tax incentives

In the Annex, the provisions of the Mining Investment Code are discussed, and a few words are said about the reasons why such provisions are still in existence in most developing countries. These points of view are relevant also with respect to the incentives offered under the general provisions in the Code des impôts, notably in Art. 4 7°, where a five year tax holiday is offered to new plants. The conditions are simple, just regular accounts and a special declaration addressed to the Director General of Taxes. Similar provisions apply under Art. 4 8° to mining enterprises as well, although, as indicated, they are supplemented by a special act. Under Art. 4 7°, even expansion investments entitle the enterprise to a tax holiday.

The provision for a tax holiday in itself cannot be regarded as excessively generous. It is, however, not quite usual to use such a rule without any eligibility criteria other than a declaration. There is a certain danger that competition will be distorted, and there is always a particular problem involved in deciding what is an expansion investment as against a refurbishing of an existing plant. What can be achieved by a five year holiday might, moreover, in many cases equally well be achieved just by a sufficiently long period of loss carry over.

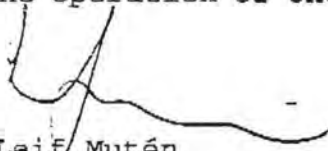
The use of a tax holiday for expansion investments is easy to defend: why should those already established in the country be discriminated, when newcomers may get a tax holiday. Yet, with such a provision, it will be comparatively easy for an enterprise to prolong its original tax holiday by arranging the books so as to allocate much of the profits to the extension. The rule against this, requiring that the accounts show the exact results of the new investment, is to tall an order to the audit to be satisfactorily filled.

4. Objectives of future work

The above should give a reasonably clear picture of areas in which the need might be felt for continued technical assistance. As far as I can judge, notably without having had an opportunity of discussing the matter with the Minister, Burkina Faso should be well served by a middle-term expert, who could help implementing a continued reform program aiming at streamlining the system and effectivating its administration. Such an expert could convey to the authorities experiences gained in other countries and could also possibly be used to strengthen the ENAREF faculty.

It would probably be necessary to arrange for a mission, possibly a joint Fund/Bank mission, establishing in more detail than was possible here the specific details of the reform

program and the priorities to be attached to its different parts. In preparation for such a mission, one fundamental task would be to establish proper statistics covering the operation of the revenue authorities.



Leif Mutén

Attachment

Annex
Ouagadougou, March 29, 1994

Burkina Faso--Mining Investment Code

Under the Presidential Decree No 93-186 the Law No 014/93/ADP of May 19, 1993, was promulgated, containing a "Code des Investissements Miniers". It is understood that this enactment took place without consultations with the Bank, implying that this mission is free to comment on its provisions in the general context of its study of the tax system with special reference to mining.

1. General remarks

As a general issue, one might first of all ask, whether the Code is at all needed. The general tendency in the world goes toward tax systems that in themselves are sufficiently reasonable not to be an obstacle to international investment. Special reliefs for new investors are seen as having a number of negative features. They may imply that potential revenue is forgone, i.e. when the investment would have taken place even without the reliefs stipulated. They may foster corruption, when their application depends on discretionary decisions. They may distort competition when offered to newcomers while the established investors have to pay the full load. They require control against abuses, while at the same time establishing a situation where in practice tax returns are rarely filed by those enjoying tax holidays, and the tax office loses track of the nonfilers.

Still, investment codes are in existence virtually everywhere in developing countries. They may be fulfilling a purpose, even outside the area of special tax incentives, establishing policies of non-discrimination, of rights to repatriation of profits, of access to the national market, etc. If a country is just establishing an open-door policy, perhaps after a period of economic isolation, an investment code might well have a positive announcement effect vis-à-vis the foreign business community. Hence, the idea of a mining investment code for Burkina Faso should not be rejected off hand.

The first seven articles of the new mining investment code fall into this category. In that respect, they should be seen as non-controversial. In two respects, however, the provisions of the code seem too restrictive to fulfill their purpose. Art. 6 in fine establishes the free circulation in the interior of finished products and semi-fabricates, something that gives very little comfort to a prospective exporter. Also, Art. 7 tells that investors and workers in Burkinabè mining enterprises are free to transfer their earnings in the currency their investment was made in (the salary-earners are forgotten in this part), but only "sous réserve de la réglementation en matière de change", which in other words means no guarantee at all. It would be better not to mention the matter, if the rules have to be restricted in this fashion.

Art. 5 is somewhat similar, establishing that alien employers and workers are personally subject to taxes in accordance with the law prevailing in Burkina Faso. Present tax laws should not present a main obstacle in this respect. If government would turn to a different policy, however, pushing a redistributive tax policy, the cost of hiring expatriate staff, whose net salaries would in practice be negotiated in terms of salary net of local taxes, might quickly turn excessive. Some guarantee in this respect might be welcome, and if no guarantee is offered, mentioning the matter will serve no positive purpose.

2. Customs incentives offered

The code takes as its point of departure the two-tier system established in the mining code, with prospecting and research coming first, exploitation rights second, and, as an alternative to exploitation rights, the offering of a mining concession. This system should be simplified. It is not conducive to prospecting activities that a second round of permits is needed before the successful prospector can start making use of his discoveries, exploiting them by mining. It is, moreover, doubtful whether the distinction between convention and exploitation rights is useful. As long as the benefits are more generous in the case of a convention, investors will normally insist on one.

The customs privilege offered under Art. 9, at the prospecting stage, refers to temporary admission of material and equipment, as well as customs exemption for spare parts as well as materials, fuel, and lubricants. Under Art. 11, referring to the exploitation stage, there is no temporary admission any more but a complete customs exemption. Interestingly, Art. 9 provides explicitly for customs to be due if goods imported under temporary admission are the subject of "cession" or sold, whereas no similar provision is found under Art. 11. Yet, one would have expected that provision to be more needed in the case of customs exemption under Art. 11 than in the case of temporary admission under Art. 9, since by its very nature, the temporary admission is combined with provisions for customs to be due if the goods are not reexported. This fact, in turn, makes it doubtful whether temporary admission is a satisfactory solution in all prospecting cases.

The definition of professional material used for prospecting, and the somewhat more detailed description in Art. 11, leave room for different interpretations of what is professional equipment. Whereas under Art. 11 an explicit exception is made for automobiles, as well as for office material and furniture, a similar exception is not made in Art. 9, and Art. 9 seems not to exclude air conditioners which Art. 11 does. Experience has shown that an in blanco exemption is often abused as a cover-up for all kinds of personal imports. Some countries require itemized lists of intended imports, but the cost in time to prepare them as well as the control of the containers when they arrive in the country is certainly a strong discouragement.

The exemption for building materials is somewhat surprising, given the availability in the country at least of locally produced cement, possibly of some other materials as well. What is an encouragement to one investor might end up as a denial of intended protection for another. The legislator has to strike a fair balance between both, possibly by setting up a requirement that local products should be competitive in price and quality for exemption to be denied.

The definition of fuel used for energy production for the mine and of specific lubricants is not very easily controlled. Again, the issue is rather whether it would be more of an encouragement to industrial development to keep fuel taxation at a generally reasonable level, rather than making exemptions just for mining enterprises.

The customs exemption is limited to the first investment, including accompanying spare parts. These are not defined, and there is an interesting situation of choice for the investor, whether to overinvest in exempt spare parts or go for a smaller investment at the risk of having to pay duties on spare parts delivered later. Art. 11 in fine offers a possible escape route: the need for spare parts may often occur as a result of "technical incidents", and these, in turn, open the door to customs exemption. So does an extension of the plant, again a technical concept less easily defined in practice than in theory.

Art. 12 establishes that the customs exemptions offered exclude fees for services rendered. It is unclear whether this applies to the "droit de statistique", although an affirmative answer to the question was given by a senior customs official interviewed. It is obvious that there is no protection offered against excessive use of the fee concept.

3. Other tax incentives

With respect to exemptions from other levies than customs, there is obviously little need for them in the case of prospectors. Only the minimum tax (MFPIC) and the payroll tax (TPA) need to be mentioned, as they duly are in Art. 10. One might add that it is not quite clear whether an already existing enterprise wishing to prospect will be better off entering the project in the name of a new company entitled to the benefits under this code, or whether it might prefer using the profits from its ongoing mining operation to cover deductible costs of prospecting in a new area. Some countries have "ring-fencing" rules to prevent this, since an unlimited right to deduct losses incurred in new ventures from profits in established ones might well jeopardize the revenue result.

The tax reliefs at the production stage are more elaborate than those for prospectors (Art. 13 - 18). Of these, the first article refers to a holder of a "permis d'exploitation" and the second to a "concessionnaire minier", whereas Art. 15 - 18 seem to refer to both categories. The concessionaires are in principle subject to more favorable treatment. They enjoy a 13

year tax holiday with respect to minimum tax (IMFPIC), patente, payroll tax (TPA), and mainmorte (TBM), whereas those with just an exploitation permit enjoy the same benefit for only 7 years.

Likewise, the concession holders are entitled to a 50 percent reduction of the dividend withholding tax (IRVM) for a 12 year period, whereas those with an exploitation permit will enjoy that reduction for only 5 years.

Nevertheless, the permit holders enjoy a 25 percent reduction of the IRVM for an unlimited time after the 50 percent reduction has expired, whereas the concession holders, once their 12 year period is over, will have to pay full IRVM on the dividends they pay. It is difficult to see a rationale for this discrepancy. Basically, the rule is somewhat less objectionable with respect to the permit holders, in as much as the abrupt doubling of the IRVM after the expiration of the holiday period will constitute a strong incentive to distribute as much as possible before that happens. Still, both provisions imply such an incentive, whereas it should normally be in the interest of the country that foreign investors retain their profits rather than repatriating them. A sounder alternative might therefore be a reduction of the IRVM to an internationally more normal level, at most 15 percent as against the present 25 percent, while at the same time abolishing the initial exemptions now stipulated in Art. 13 and 14.

Moreover, the permit holders enjoy a 5 year exemption from profits tax (BIC), a privilege that is not extended to the concession holders. It is difficult to see the reason why the latter are not given the same privilege, particularly since in general they seem to have been offered more favorable rules in other respects.

The five year tax holiday from the BIC is in itself not excessive, but the period is shorter than stipulated for the IMFPIC, patente, TPA, and TBM. It seems a bit odd that the obligation to pay BIC for the first two years after the expiration of the holiday will not be accompanied by the minimum tax provisions, although it might be expected that those enterprises which are not able to get a concession will be of the small business type that in particular need a minimum tax provision, given the status of their tax accounting.

Another oddity is that the investment code refers to the VAT exemption for exports (Art. 16), a provision that constitutes a basic element in the construction of the VAT and in so far would have no place in a listing of incentives.

Likewise, Art. 17 refers to the accelerated depreciation provided for in the tax code. Again, this is not an incentive limited to those benefitting from the mining investment code, but rather a provision of the general tax law. In fact, rather than mentioning accelerated depreciation, it might have been useful to point out that the enterprises benefitting from a tax holiday as far as BIC is concerned do not have to apply the

rules on accelerated depreciation but should, on the other hand, not be entitled to a postponement of their linear depreciation until their holiday elapses.

Art. 15 establishes a rather stingy rule under which the stamp duty on the foundation of the corporation and the expansion of its capital may be paid in five yearly installments. The international trend goes against this type of stamp duty and it will soon be difficult for a country to exceed the 1 percent duty now established in the European Union.

The code makes no particular provision for the carry forward of losses. The general tax code establishes such a carry forward, but for four years only, a relatively restricted rule in a world where many countries apply no limitation at all and others set their limit mainly with regard to the time the books are still being kept, a time that is often longer than the four years applicable in Burkina Faso. A generous rule on carry forward of losses may, in fact, if combined with a likewise generous rule on accelerated depreciation, de facto result in the same tax holiday or an even longer one than the tax holiday offered by an investment code of the kind we are dealing with here.

4. Minimum taxes

With respect to the minimum taxes, it is worth considering whether, in the case of mining companies, the metal royalty provided for under Art. 11 of the decree 93-253/PRES/PM/MFP/MICH/MDEM of August 2, 1993, could be applied as such a minimum tax, then possibly at a somewhat higher level than the one now stipulated (3 percent of the FOB value for gold, 4 percent for base metals, and 7 percent for diamonds), and rationalized both with respect to the computation of the base and with respect to the authority charged with collection. In other African countries, this solution has been used both with the purpose of stabilizing government revenue and in recognition of the fact that it is very difficult to arrive at a totally satisfactory assessment of the profits of mining companies.

What is involved in the case of the tax base for ore is establishing the correct quantity and description of what is produced, and the actual market price at the time of delivery. Both issues are clearly technical and can be solved, drawing from objective third-party sources. The profit computation, on the other hand, is normally characterized by a considerable amount of non-arm's length trading, necessitating a judgment on the accuracy of transfer prices applied between related firms. Moreover, the present tax code has only scanty references to issues such as depletion allowances, stock valuation, and reserves, in particular for restoring land after the termination of the mining activity. In comparison, the task of making an assessment of the net profit of the mining operation is by far more complicated.

It should, therefore, be seriously considered whether the assessment to BIC should not be allowed to take a secondary place after the establishment of a minimum tax, based on actual production.

If that path is chosen, it would be appropriate to reconsider the present relationship between the minimum tax and the profit tax. The reason is the following. At present, the minimum tax is always payable, but in as much as there is an assessment of profit tax, the minimum tax is credited against the profit tax, so that profit tax is payable only in the amount by which the profit tax exceeds the minimum tax. This arrangement is admittedly quite practical, but it has one drawback, namely, with respect to the use of the tax as a credit against income or profit tax charged in the investor's country of domicile. If that country is the United States, only the profit tax can be credited, not the minimum tax. It is therefore a material difference between an arrangement, under which profit tax will always be paid but credited against minimum tax, and the present rule under which minimum tax will always be paid but credited against profit tax. Obviously, the distinction is purely theoretical, but it has more than academic implications to the extent the investor is subject to the U.S. rules on foreign tax credit.

5. Other issues

The special provisions under Art. 19 are in most respects quite normal. Regular accounts kept in the country are a perfectly legitimate requirement, and so is respecting the country's environmental and health laws and providing the authorities insight in the books. The only point where a question-mark may be placed is the provision requiring the enterprises to give priority to nationals in hiring, and to organize professional training at all company levels. The question-mark obviously does not refer to the desirability of these activities. Obviously, it is in the interest both of the country and of the foreign investors to build a national staff, and this already for the simple reason that expatriates normally are much more expensive to hire than nationals.

The problem is, however, that it is extremely difficult to establish what is implied in giving priority to nationals when hiring. Priority might consist in choosing the local candidate among two candidates with perfectly equal merits. That kind of priority is obviously refused the nationals only by employers, whose prejudice takes the upper hand over their economic judgment. Or it can be defined as choosing a local candidate who is just barely competent in favor of an expatriate with excellent merits. The latter interpretation is not excluded by the text of the mining investment code. Yet, any mining company will know, by own experience or that of others, how utterly important the technical competence can be, not only for the economic result of the mining activity but also for the personal safety of the mining workers. It would not be a satisfactory situation, if the authorities were given the sanction power established in the

third paragraph of Art. 19 and could potentially use it to force companies into a prioritization of the second kind.

6. Conclusion

The new mining investment code is not in its present form a useful element in the mining policy of Burkina Faso. A revision of the code should be considered along the lines suggested above. Regrettably, I am unaware of the political implications of this suggestion, and totally uninformed of who is technically responsible for the shortcomings of the law that I have criticized.

Leif Mutén

THE WORLD BANK

ROUTING SLIP		DATE: January 20, 1994	
NAME		ROOM. NO.	
Craig Andrews		J4-033	
boxed to Ana - 17 Feb 94			
35143			
URGENT		PER YOUR REQUEST	
FOR COMMENT		PER OUR CONVERSATION	
FOR ACTION		NOTE AND FILE	
FOR APPROVAL/CLEARANCE		FOR INFORMATION	
FOR SIGNATURE		PREPARE REPLY	
NOTE AND CIRCULATE		NOTE AND RETURN	
RE: Assistance technique au secteur minier			
REMARKS: Craig,			
Je viens de recevoir et te fais parvenir ci-joint le premier draft de la politique sectorielle préparée par l'équipe des techniciens du ministère chargé des mines. D'après les informations que j'ai pu obtenir, le document a été élaboré par une équipe dirigée par monsieur Zoungwana, le directeur général des mines et d'autres structures du ministère tels le BUMIGEB, le CBMP, etc... Tu comprendras alors aisément que certaines parties de la proposition de la mission de décembre aient été purement et simplement ignorées (entre autre, la restructuration des sociétés d'état), y inclus des choses que le ministre avait acceptées lors de la reunion de synthèse (liberté d'exportation pour les grandes industries d'exploitation d'or, audit du CBMP, etc...) Cependant la partie sur la législation minière a été reprise à environ 90 %. Je te fais remarquer que le Ministre m'a demandé de me mettre en rapport avec monsieur Zoungwana pour voir dans quelle mesure ce document peut être amélioré en y incorporant certains éléments qu'il avait accepté et qui ont été omis par les techniciens. Je n'ai pas encore pu avoir une séance de travail avec Zoungwana mais j'ai pris rendez-vous avec lui pour le debut de la semaine prochaine et espère pouvoir te faxer autre chose de plus décisif sur le plan institutionnel et réglementaire. C'est la raison pour laquelle je te fais parvenir ce document seulement à titre d'information. Je pense cependant que tu pourrais l'utiliser comme une base de depart pour commencer à avancer dans la préparation d'un PPF que le ministre veut réellement. Dans tous les cas ceci n'est que le debut d'un dialogue que les activités à financer sur le PPF vont permettre de faire avancer; je pense notamment aux formations et surtout aux voyages d'étude dans des pays à tradition minière.			
cc:Ana Novaes			
FROM:Célestin Bado		ROOM NO.:	
		EXTENSION:	

226 30 62 37

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Take
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Ouagadougou, le 18 JAN. 1994

N° 94 - 054 /MICM/CAB

Le Ministre

Réf. : ZD/GEZ/ms

A

Objet : Déclaration de Politique
et Stratégie Minière.

Monsieur le Représentant Résident
de la Banque Mondiale

OUAGADOUGOU

Monsieur le Représentant Résident,

En réponse à votre lettre du 14 décembre 1994, j'ai l'honneur de vous faire parvenir ci-joint, le projet de Déclaration de Politique et Stratégie Minière de mon Département, pour vous permettre d'introduire une requête de mise à disposition d'une avance de fonds en vue de la préparation du projet d'assistance au secteur minier.

Je vous en souhaite bonne réception et vous prie d'agréer, Monsieur le Représentant Résident, l'assurance de ma considération distinguée.

BURKINA MISSION

Received on JAN 18 1994

Route Washington Craig Andrews

Pickup CB

File projet Miner



BURKINA FASO

DECLARATION DE POLITIQUE ET STRATEGIE MINIERE

Les nombreuses découvertes de substances minérales, notamment l'or ces dernières années, ont montré que le Burkina Faso a un potentiel minier intéressant.

Les sillons de roches volcano sédimentaires du protérozoïque inférieur (birimien) constituent les zones les plus favorables aux minéralisations diverses (or, zinc, cuivre, plomb, nickel; antimoine, manganèse etc...). Ces sillons représentent plus du quart de la superficie totale du pays.

Le dernier document de l'Etat sur la politique minière du pays a été publié en 1989 à une période où c'était le Capitalisme d'Etat qui était prôné. Mais depuis l'adoption du Programme d'Ajustement Structurel (PAS) en 1990, le Burkina Faso, s'est engagé résolument sur la voie du libéralisme économique. La stratégie de développement à forte coloration étatique a été abandonnée, et le secteur privé est appelé à jouer le rôle de moteur dans la croissance économique du pays, et d'assurer la relève progressive de l'Etat.

Le gouvernement est conscient que le développement des ressources minérales peut constituer des bases d'un appui au développement des autres secteurs de l'économie, et veut faire jouer aux ressources minérales un rôle de premier ordre dans la croissance économique durable et contribuer à l'amélioration de la situation sociale des populations.

A l'heure actuelle, l'or est le seul produit d'exportation du pays et il se place au deuxième rang après le coton.

Avec la mise en exploitation prochaine des mines de zinc de Perkoa et du manganèse de Tambao, la part du secteur minier dans le Produit Intérieur Brut (PIB) devrait sensiblement augmenter.

Comme le montre le tableau ci-dessous, la production d'or a progressivement diminué depuis 1989, cela est dû à l'effondrement de la mine souterraine, à l'épuisement du minerai exploité en carrière de Poura ainsi qu'au vieillissement du matériel. Cette tendance va s'inverser avec le renouvellement du matériel (fonds SYSMIN) et l'association de SOREMIB avec un partenaire privé.

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RUBRIQUES	ANNEES			
	1989	1990	1991	1992
Produit Intérieur Brut (PIB) en millions de FCFA	763471	752112	825416	847704
La production minière en millions de FCFA	11634	11582	9172	9072
Part du secteur minier dans le PIB	1,52 %	1,53 %	1,11 %	1,07 %
Exportation du Burkina en millions de FCFA	38620	50390	48315	-
Part du secteur minier dans les exportations	30,12 %	22,98 %	18,98 %	-

Source : Direction Générale du Commerce

Comme on le voit le développement du secteur minier pose le problème de la mobilisation des capitaux nationaux et étrangers. Il est donc indiqué d'élaborer une nouvelle politique minière qui soit en adéquation avec la nouvelle politique économique sus-dessus citée.

Cette nouvelle politique s'appréhende à travers les points ci-après :

- Rôle de l'Etat et de ses institutions minières,
- Législation minière,
- Régime fiscal,
- Environnement,
- Exploitations artisanales,
- Petites mines.

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1. ROLE DE L'ETAT ET DE SES INSTITUTIONS MINIERES

Le rôle de l'Etat est de réglementer et de superviser les activités dans le secteur minier. Il a aussi un rôle d'assistance et de conseil.

Dans le cadre du programme général du PAS, l'Etat est autorisé à participer dans le capital des sociétés. Dans le secteur minier cette participation qui atteignait parfois 35 % tend à descendre en dessous du taux autorisé par le programme général du PAS, elle reste nécessaire car elle est un facteur qui sécurise les sociétés privées.

L'Etat joue son rôle à travers les services publics suivants :

- La Direction Générale de l'Energie et des Mines (DGEM),
- Le Secrétariat Permanent de la Commission Nationale des Mines (SPCNM),
- Le Bureau des Mines et de la Géologie du Burkina (BUMIGEB),
- Le Comptoir Burkinabè des Métaux Précieux (CBMP).

Compte tenu des nouvelles orientations de la politique minière, ces services publics ont évolué tant dans leurs fonctions que dans leur organisation et mode de fonctionnement.

1.1. La Direction Générale de l'Energie et des Mines

Elle est chargée de la conception, de l'élaboration et de l'application de la politique du Ministère de l'Industrie du Commerce et des Mines. Elle exerce ses fonctions à travers la Direction des Mines (DM) et la Direction de la Recherche Géologique et Minière (DRGM).

La Direction des Mines (DM) est chargée :

- d'élaborer et d'appliquer la législation et la réglementation des mines et carrières ;
- d'assurer la liaison avec les organismes miniers publics et privés opérant au Burkina Faso et de coordonner leurs activités ;
- de développer la coopération dans le domaine minier ;
- de collecter et de diffuser la documentation technique relative à l'industrie minière ;
- de veiller à la sécurité dans les mines et carrières.

.../...

La Direction de la Recherche Géologique et Minière (DRGM) est chargée :

- d'élaborer le programme de recherche géologique et minière et de contrôler son exécution ;
- de coordonner tous les travaux de recherche géologique et minière effectués sur le territoire national ;
- de faire la synthèse des données géologiques des régions du Burkina Faso ;
- d'établir le fichier des indices.

Les reformes dans l'organisation de la Direction Générale entreprise en 1992 ont abondé dans le sens de la renforcer et de la doter de moyens techniques et humains lui permettant de remplir ses fonctions de façon efficace.

1.2. Le Secrétariat Permanent de la Commission ----- Nationale des Mines -----

C'est une structure spécifique du secteur minier.
A ce titre il a pour mission de :

- promouvoir les activités relatives à la recherche et à l'exploitation des substances minérales,
- participer aux négociations relatives aux projets d'exploitation des substances minérales,
- instruire les demandes de titres miniers,
- préparer et organiser les réunions de la Commission Nationale des Mines (CNM),
- dresser les documents sanctionnant les travaux de la CNM,
- diffuser la documentation relative à la réglementation de l'activité minière.

1.3. Le Bureau des Mines et de la Géologie du Burkina -----

Il est l'institution de l'Etat chargée d'acquérir et de diffuser les connaissances relatives au sous-sol burkinabè en exécutant pour le compte de l'Etat, la cartographie, les programmes de reconnaissance géochimique, les programmes géophysiques aéroportées et au sol, les services de laboratoire géologique et le cas échéant, les études sur des cibles de taille limitée pouvant intéresser les opérateurs économiques nationaux.

Le BUMIGEB a du reste été créé pour palier à l'absence d'autonomie décisionnelle et financière de l'ancienne structure, la Direction de la Géologie et des Mines (DGM) soumise à des lourdeurs administratives, véritables goulots d'étranglement pour une recherche minière qui se voulait soutenue.

Dans le cadre des réformes économiques en cours, l'Etat a décidé de transformer le BUMIGEB en Société d'Etat. A ce titre, l'exécution des tâches relatives à la recherche géologique et minière devront désormais faire l'objet d'un contrat plan avec l'Etat. Ce contrat plan énonce les conditions dans lesquelles l'Etat confiera au BUMIGEB l'exécution des programmes de recherche géologique et minière et leur mode de financement. Cette évolution structurelle du BUMIGEB aboutira à faire de lui, une entreprise de type commerciale qui fonctionnera selon les impératifs de rentabilité.

A tout moment, l'Etat peut contrôler pour savoir si le BUMIGEB a effectivement utilisée les subventions qui lui sont allouées pour l'exécution des programmes de recherche géologique et minière.

1.4. Comptoir Burkinabè des Métaux Précieux (CBMP)

Il est chargé de l'achat et de la commercialisation de l'or produit par les artisans. Il apporte une aide financière à des groupes d'orpailleurs pour leur permettre de gérer leurs exportations, et assure l'encadrement technique (des orpailleurs).

Concernant l'or produit par les unités industrielles, le CBMP joue le rôle de prestataire de services pour l'exportation vers les sociétés d'affinage ou les acheteurs indiqués par elles. Il est chargé de faire les statistiques sur la production d'or du pays.

2. LEGISLATION MINIERE

La législation minière notamment le Code des Investissements Miniers contient des principes de base de nature incitative à l'investissement privé et peuvent se résumer comme suit :

- les ressources minières sont la propriété de l'Etat qui les gère au nom et pour le compte du peuple burkinabè ;
- la recherche et l'exploitation des ressources minérales menées par les grandes, moyennes et petites entreprises, mobilisant soit du capital burkinabè ou étranger, sont encouragées par le Gouvernement sans aucune discrimination ;

.../...

- le permis de recherche confère un droit exclusif pour les substances minérales demandées se trouvant à l'intérieur du périmètre défini ;
- la découverte d'un gisement commercialement exploitable conduit directement à l'octroi d'un permis exclusif d'exploitation au titulaire du permis de recherche ;
- l'Etat encourage l'efficacité de la recherche en s'assurant, premièrement, que les travaux de recherches sont effectivement entrepris sinon le permis est annulé, et deuxièmement, par l'imposition de taxes superficielles en augmentation progressive ;
- Les activités de recherches et d'exploitation sont soumises au paiement de divers droits, tels que les impôts, taxes et redevances ;
- les formalités et conditions d'octroi des titres miniers sont claires, simples et transparentes ;
- les titres miniers sont cessibles et transmissibles ;
- des conventions d'établissement entre l'Etat et les investisseurs peuvent être conclues pour compléter la législation minière ;
- les titulaires des titres sont tenus de soumettre et de respecter un plan de protection et de gestion de l'environnement ;
- les différends entre l'Etat et l'investisseur sont réglés à l'amiable, et en cas d'échec sont soumis à un ou plusieurs arbitres choisis d'un commun accord s'il s'agit d'un différend de nature purement technique et aux tribunaux de droit commun compétents ou à un tribunal international dans les autres cas.

✓ Les portes restent ouvertes pour une réforme pour rendre le cadre juridique encore plus incitatif auprès des investisseurs.

Alfonso Aguirre

3. RÉGIME FISCAL

Le régime fiscal est neutre et s'applique sans discrimination à tous les investisseurs et à toute activité économique.

Certains impôts qui composent le régime fiscal étant basés sur les bénéfices et non sur les intrants ou la production, ce régime doit être compétitif par rapport aux pays à vocation minière et à ceux de la sous-région. 7

Le Code des Investissements miniers accorde des avantages spéciaux par rapport à d'autres secteurs pour tenir compte du niveau de risque que comporte le secteur minier. Les avantages spéciaux accordés l'ont été dans le souci d'harmoniser notre régime fiscal avec ceux des pays de la sous-région.

En ce qui concerne la réforme de la fiscalité générale, elle est de la compétence du Ministère des Finances qui dans le cadre du Programme d'Ajustement Structurel revise la fiscalité pour l'adapter à la nouvelle politique économique.

4. ENVIRONNEMENT

Dans le secteur minier, un des rôles importants de l'Etat est la protection et la gestion de l'environnement, d'autant plus que les activités minières causent des perturbations majeures à l'environnement. C'est pour minimiser ces perturbations qu'il est exigé des sociétés qui veulent entreprendre l'exploitation d'un gisement, d'effectuer une étude d'impact sur l'environnement.

Toutefois, les méthodes de travail et les technologies développées dans l'industrie minière permettent d'atténuer et minimiser ces perturbations.

L'Etat renforcera les services chargés de la protection et de la gestion de l'environnement et établira des normes, règlements et critères spécifiques au secteur minier, exigera des plans de protection et de gestion de l'environnement et surveillera leur mise en exécution dans le respect des engagements des titulaires miniers.

5. EXPLOITATIONS ARTISANALES

Les statistiques disponibles en la matière restent très partielles. Une étude réalisée auprès de 16 villages du Sahel (1989) estime à plus de 300 000 personnes, la population qui se déplace chaque année sur les sites aurifères. la seule population d'orpailleurs du site de Bouda dans la province du Passoré atteignait 20 000 personnes en 1989.

De nombreux problèmes existent sur les sites d'orpailleurs, mais compte tenu du fait que l'exploitation artisanale reste une activité qui procure des revenus à une grande majorité de la population des zones sahéliennes frappées de plein fouet par une sécheresse persistante qui a installé une famine endémique, l'orpaillage devient "un mal qu'il faut juguler".

Dans la mesure de ses possibilités, l'Etat s'efforcera d'améliorer les conditions d'exploitation artisanale par l'installation d'infrastructures dans les villages avoisinants dépourvus de toute infrastructures sanitaire et scolaire.

.../...

6. PETITES MINES

Le gouvernement est conscient de l'impact socio-économique de l'activité minière, et considère comme une priorité de développement, l'exploitation rationnelle des gîtes aurifères.

Entre la grande mine et l'exploitation artisanale, de nombreuses possibilités existent au Burkina pour l'exploitation de gisements sous formes de petites mines. Le secteur privé burkinabè doit saisir cette opportunité. Une importance particulière sera accordée à ce type de mine.

L'Etat mettra en place les structures d'appui nécessaires pour fournir une assistance technique aux entrepreneurs privés et mobilisera des capitaux privés afin d'inciter les entreprises burkinabè à investir dans les activités minières à petite échelle. 7

Au total, cette nouvelle politique que le gouvernement est en train de mettre sur pied a d'ores et déjà amené un grand dynamisme du secteur minier burkinabè se traduisant par l'implication de plus en plus grande d'opérateurs nationaux et de sociétés étrangères dans ledit secteur.

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OFFICE MEMORANDUM

DATE: January 12, 1994

TO: Silvia Sagari (AF5IE), Peter van der Veen (IENIM)

FROM: C. B. Andrews (IENIM), Task Manager, IENIM

EXTENSION: 34275

SUBJECT: MISSION TO BURKINA FASO
IDA CREDIT PREPARATION: MINING SECTOR CAPACITY BUILDING



1. I conducted a mission to Burkina Faso 29 November through 10 December 1993 to prepare an IDA credit for capacity building in the mining sector. Messrs. Gothard Walser (institutions specialist), Paul Fortin (lawyer), Boubacar Zanga (local consultant), and Ms. Ana Novaes (economist) accompanied me on the mission. We met with numerous government and private sector officials of various organizations. A copy of the Aide Memoire is annex 1 to this BTO.

2. The principal objectives and achievements of the mission were:

- a) Objective: Complete collection of information on the mining sector to identify constraints and problems.
Status: This objective is essentially complete. While additional collection of data may be necessary to up-date that obtained on previous missions, our understanding of the principal constraints and problems of the sector is well advanced.
- b) Objective: Design the various technical assistance components of the credit and discuss them with the Burkinabe authorities.
Status: The main components of the project have been designed and are summarized in annex 2. The total cost of the components is estimated at just over US\$ 12 million.
- c) Objective: Commence the dialogue with public and private sector officials on the principles of a policy and strategy in respect of the sector.
Status: The draft "Declaration de la Politique et Strategie Miniere" prepared by the Mission and discussed with the Burkinabe is in annex 3. The Burkinabe have promised to send to us by the end of December their own version of this declaration. To date, nothing has been received, though apparently a document is under consideration in Ouagadougou.

3. The policy dialogue is particularly important. I am of the view that we should make a further effort to deepen the government's ownership of the project before proceeding with appraisal, originally scheduled to take place in April 1994. After discussing a draft statement of policies and principles for the mining sector prepared by the mission, it was evident that the level of understanding among officials of international best practices concerning, for example, state participation, fiscal and mining code reforms, elimination of government purchasing monopolies, and others) is incomplete and half-hearted at best. This, in turn, limits the ability of the officials

to represent policy changes to senior level officials and/or politicians. We will thus have to spend more time explaining the various options to the Burkinabe, educating them as to international best practices in the sector, and helping them to understand the expected results of the new policies. The dialogue process will likely take 4 - 6 months and involve the use of trust funds and/or PPF.

4. The principle activities during the dialogue are summarized below.

a) Policy Determination

This will be a training and education effort which will help the Burkinabe: a) to draft a statement of policies and principles acceptable to the Bank and b) to prepare a policy memorandum based on the principles which will add details to this policy statement. These two documents would then form the basis upon which the minerals and tax legislation would be reformed as part of the implementation of the credit. The PPF and/or trust funds would be used to finance workshops, visits and training by distinguished experts in various topics, field visits outside of Burkina for a select group, training and specially arranged seminars at francophone universities outside of Burkina (McGill University, for instance), and visits to countries which have recently revised minerals legislation and which now enjoy high levels of foreign investment (Mexico).

b) Audit of CBMP

The Bank has urged the government to eliminate the monopoly control over the purchase and export of gold presently exercised by the state owned company CBMP. In addition, this entity seems to have expanded its scope of activities considerably outside of those provided for in its charter: lending and borrowing, providing "encadrement" services to artisanal miners, and other activities. Several alternatives are available to restructure and/or reform CBMP. A technical and financial audit of this organization will help to identify its strengths and weaknesses and perhaps identify a viable role the enterprise could play in artisanal purchases and/or verification of gold exports from the country. The audit will also help to clarify the financial conditions of the enterprise. The audit would be conducted by a specialized internationally recognized accounting firm as well as an independent expert(s) in marketing and commercialization procedures for artisanal miners.

c) Study of Taxation

The major impediment to serious investor interest in Burkina is an antiquated and prohibitively high tax regime as applicable to industry in general and to mining in particular. A thorough review of the current tax regime is necessary to identify these impediments and to recommend internationally accepted practices. The study will focus on the general tax code as well as the recently passed mining investments law. It will focus on the rates, methods of calculation and collection, and competitiveness of the basic tax regime as well as the mining specific taxes. The study will lay out the various tax options and alternatives to the government and will recommend an action program to revise and reform the general tax regime and (as an interim measure) the mining investment code so as to bring these into line with international standards. Also, institutional and human capabilities in respect of administration of the tax regime are inadequate. The study will further design a project training and technical assistance component to strengthen institutional and human resources during the course of project

implementation. The study will be conducted by an international tax expert or consultancy firm acceptable to the Bank and to the IMF.

d) Assistance in Negotiations with Foreign Mining Companies

In spite of the uncompetitive taxation environment and the inadequacies in the mining code, several foreign companies are currently conducting negotiations for investment agreements. These negotiations are protracted and frustrating due to the inexperience and lack of understanding of important financial and technical concepts related to mining investment on the part of the Burkinabe negotiating team. There is also a significant danger that these investment agreements could provide for terms and conditions that would be inconsistent with the "best practices" policy changes we will be trying to implement. It would be highly useful and also tie in well with the policy dialogue for the PPF to fund technical assistance of a qualified international attorney specialized in mining foreign investment agreements to assist on an as needed basis with these negotiations.

5) It is too early to determine with precision the effects of the recent devaluation of the CFA franc on the mining sector. The impact on industrial mining (principally Pourra gold mine) will likely be marginal since production is exported at international prices and most inputs (machinery, energy, consumables) are imported at international prices. Labor and local materials are not a great proportion of operating cost, though some improved competitiveness may be expected. The effects of the devaluation on the Perkoa and Tambao projects will likely be in the area of reduced transportation costs which, taken together with progress in privatizing the railroad, could give a significant boost to the Tambao manganese project, in particular. Perkoa is more problematic since international zinc prices are still very low. It is not possible at this stage to assess the impact on artisanal mining though I suspect it also will be relatively minor. The devaluation may have the greatest impact on encouraging new investment in exploration. Companies have complained for some time about the high cost of exploration in francophone Africa. The exploration phase of a project typically has a higher proportion of local inputs than the construction/production phase and the devaluation will help reduce the costs of conducting exploration.

6) The devaluation also raises the possibility that the proposed project become a hybrid technical assistance/sector adjustment credit. We should discuss this possibility more thoroughly.

CC: Mmes./Messrs.: Menezes, Novaes (AF5IE); Foster, Jonas, Doise, Sarbib (AF5CO); Wabnitz (LEGAF); Ivarsdotter (AFTES); Osei, Bado (Res. Rep. Mission); Gillette (ECAVP); Garrity (AF5CO); Marshall (AF5DR); Fortin, Walser, Zanga, Meillon, Holloway (consultants).

OFFICE MEMORANDUM

DATE: April 15, 1994

TO: Sylvia Sagari (AF5IE); Peter Van der Veen (IENIM)

FROM: Craig Andrews, IENIM

EXTENSION: 34275

SUBJECT: BURKINA FASO: Back-to-Office Report, Mission of 24-30 MARCH 1994
Preparation of Capacity Building IDA Credit for Mining Sector

1. As per the mission terms of reference, I was in Ouagadougou 24 - 30 March to continue discussions with the government on preparation of the IDA credit for technical assistance to the mining sector. The two principal objectives of the mission were to: 1) discuss the statement of policies and principles submitted by the government in January and, 2) to begin planning for various activities under a PPF. A copy of the aide memoire is attached as annex 1 for reference.

2. After this latest mission I must confess to a certain sense of disappointment and frustration at the progress made in preparation of this credit. A week prior to my arrival the ministers were re-shuffled. The new Minister of Commerce and Industry is a gendarme by training and the former director of Sonabhy. He started in his new job the day I left and I was only able to meet him for a few brief minutes on the way to the airport. Because he was new to his job, the permanent staff of the Direction des Mines et de l'Energie, BUMIGEB, and CBMP, the government services directly concerned with the project, could not under these circumstances enter into substantive discussions. The previous minister of Commerce and Industry (Mr. Diabre) has shifted to Ministry of Finance. Admittedly, he had his plate full the first week in his new position. I am nonetheless disappointed that he was unable to meet with the mission task manager or the fiscal expert/consultant, especially in light of the importance that fiscal reform will likely have in an eventual project. These new lines of ministerial authority are further clouded by a seeming retrenchment in the government's attitude towards reform as well as a certain resentment towards the Bank in the wake of the devaluation of the CFA franc. I am also uneasy that the new minister of Commerce and Industry, given his background as former director general of the state oil monopoly, Sonabhy, may not be responsive to our proposals to reform the state gold monopoly, CBMP.

3. Without a stronger commitment to reform and, more importantly, a greater government ownership of this project, it will be difficult to produce effective results from the credit. Therefore, a PPF is proposed to deepen the government's understanding of international best practices in the mining industry and to allow it to meet the conditionalities which will likely be attached to appraisal, negotiations, and effectiveness of the credit. In this respect, some progress was made as follows.

4. Subsequent to the previous mission in December, the government, as requested, submitted to the Bank its version of a statement of policies and principles for the sector. While many aspects of this declaration respond to the Bank's concerns, certain points diverge from what we would consider appropriate policies. For instance, the government still desires a participation

(upto 35 percent) in the capital structure of mining enterprises and wishes to continue the current role of CBMP. The government statement also does not adequately treat institutional reform questions and does not address at all questions of fiscal and tax reform. In a general sense, the statement expresses a very weak commitment to reform, simply restates the current institutional set-up and practices (with some improvements in deference to Bank concerns), and does not fundamentally alter the legal framework for mining investment.

The PPF is proposed to:

- a) Provide technical assistance, seminars/workshops, and study visits to other countries with a view to exposing the government to international best practices and to accelerate the drafting of a statement on policies, principles and sector strategy;
- b) Furnish expert legal (international and local) assistance for the review and revision of the mining legislation;
- c) Fund expert (international and local) assistance to define and propose institutional restructuring, reform, and strengthening tasks;
- d) Perform a technical/economic/financial evaluation of the role of CBMP;
- e) Conduct certain activities linked to study and reform of the fiscal regime, both as it applies generally and specifically to the mining industry.

5. These PPF activities are keyed to achieving certain milestones or conditionalities in the programming of the credit. These are detailed in annex 2 to this BTO.

6. After lengthy discussions and exchange of views, it was decided that the government will complete a proposal on these lines for PPF and submit it to the Bank. The government is quite reasonably concerned to limit the high cost of international expertise (US\$17,000 - US\$25,000 per man month) and to increase the amount of local involvement the PPF. In designing the PPF steps will be taken to meet these concerns. At the same time, however, it will be necessary to ensure proper management and quality control over the very technical expertise required. In this respect, it is essential that the PPF have a dynamic local coordinator with formal training in geology/mine engineering/mineral economics as well as many years of senior management experience in the relevant government institutions and internationally funded projects. The government will be designating a local coordinator.

7. The next mission is tentatively scheduled for late June - early July.

CC: Messrs./Mesdames: Ignatius Menezes, Ana Novaes (AF5IE); Jean Louis Sarbib, Whitney Foster, Ann Doize (AF5C0); Monique Garrity (EA3CO), peer reviewers; Katherine Marshall, Emmerich Schebeck (AF5DR); Christina Ivarsdotter (AFTES); Hans Wabnitz (LEGAF); Gotthard Walser (IENIM); Leif Muten, Paul Fortin, Jacques Meillon (consultants);

Sylvia Sagari (AF5IE), Chief- 3 -

April 15, 1994

BCC: Messrs. Dominique Wauters, Folmer Bang-Hansen (EEC, Brussels)

OFFICE MEMORANDUM

DATE: October 26, 1993

TO: Peter Van der Veen (IENIM); Silvia B. Sagari (AFSIE)

FROM: C. B. Andrews, IENIM

EXTENSION: 34275

SUBJECT: Back-to-Office: Burkina Faso Mining Mission

1. I led a mission to Burkina Faso 20 September - 14 October 1993 to prepare a project for technical assistance to the mining sector. Given the complexity and diversity of the sector, the mission included specialties in geology, mining law, macro-economics, sociology/environment, artisanal/small scale mining, and institutions.

2. The attached Aide Memoire describes in detail the findings and observations of the mission. It was left in the field by the Mission prior to departure and its contents discussed with relevant government officials. Any comments on the Aide Memoire would be welcome prior to its confirmation and distribution to the government. I summarize below some of the salient points and what our next steps could be to prepare this project.

3. Gold mining, more than half of which is artisanal in nature, already is an important contributor to the economy of Burkina: declared production 2.5 tonnes/year, international market value of US\$27 million, 16 percent of total exports. The country could be producing and exporting a lot more. Expert geologists, confirmed by the number of large mining companies (Anglo American, BHP, Placer Dome, Billiton, Outokumpo, TVX, RTZ) currently negotiating for exploration acreage, believe that Burkina has some of the best geology potential in West Africa for substantial gold deposits. We can hypothesize that over the next ten years two small-medium size gold operations could be developed which together could have a production of 6 tonnes/gold. These industrial operations could typically cost US\$30 - US\$100 million to build and require significant management and technical expertise to run. Both are not available in Burkina and can only be acquired through foreign private sector investment. To this industrial production could be added the capture of an additional 1 - 2 tonnes of artisanal production which is presently smuggled to neighboring countries. Small semi-mechanized mines could also be developed by local groups using local sources of finance. Under this hypothesis Burkina could be exporting 8 tonnes/gold year by 2005, worth some US\$88 million at current market prices.

4. The Mission does not believe that the Perkoa zinc project or the Tambao manganese projects will produce any economic benefits in the near future due to unfavorable market conditions as well as transportation and infrastructure difficulties.

5. Burkina can realize the benefits of its favorable geology: if, and only if, 1) appropriate policies and strategies in respect of the sector are adopted at the highest political levels of government; 2) the mining legislation reflects these policies and provides for security of tenure for investors; 3) the basic tax legislation is competitive vis a vis other mineral producing countries; 4) government institutions are properly organized and the personnel well trained; 5) the geology database is up-graded and made available to prospective investors; and 6) monopoly controls of the government over the marketing and export of gold are removed since these are

a significant impediment to channeling artisanal production into the formal sector. The government has, in fact, over the past two years taken steps to address some of these issues. But, this process is far from complete and is often hampered by recalcitrant mid-level government officials who are not yet on-board the market economy option. It is essential, therefore, that we elicit the support of the highest political levels for the significant changes that will be required for Burkina to attract investment to its mining sector.

6. An issue which will require some creative thinking is how to stimulate local investment in mining. The view of the Mission is that little can be done to improve the technical efficiency of the artisanal miners; other countries have tried and not met with notable success. The artisans should be left to their own devices, albeit with some programs to improve social, sanitary, safety, and environmental conditions in the on the work sites and in the mining camps. The real task is to devise a method to stimulate a local "mining culture or mentality" of a type that exists in Latin America and some countries in Southern Africa (Zimbabwe and, to a lesser extent, Tanzania). Such miners typically used elementary mechanization (pumps, jigs, compressors, winches, simple leaching plants, etc) to extract ores below the depth at which the artisans can work (about 30 meters) and to process 10-30 tonnes of material per day. A very preliminary estimate is that such rudimentary plants could be built for US\$40,000, produce 10 kilos/gold/year, and return gross sales revenues of about US\$ 100,000/year. This amount of capital could probably be found among local businessmen; the trick is to find a delivery mechanism to put technical assistance in the hands of the local business community. An option that should definitely not be considered is to channel this assistance through existing government organizations: they do not have the small mines mentality or expertise that is required. One of the principal thrusts of the December mission will be to examine more closely the appropriate vehicles to stimulate a local small scale mining industry.

7. In our conversation with the Minister of Commerce and Industry (in charge of mines) both Albert Osei and I sensed his strong support (even enthusiasm) for the project. The trick will be to a) ensure that his superiors also support the project, and b) build on this initial enthusiasm, keeping up the momentum and overcoming the inertia and reticence of mid-level officials. I would suggest the next steps:

- a. It would be opportune if Mr. Karasomanoglu could mention the potential of the mining sector and the IDA project under preparation to the Prime Minister, President, and other senior government officials. I've already given Whitney some suggestions in this regard.
- b. Commence the dialogue on government policies and principles in respect of the mining sector during the next mission in December. Our original thinking had been to conduct this dialogue as part of project implementation. But, there is every good reason to obtain the firm and written commitment of senior government officials to acceptable principles and policies before the IDA credit is presented to the Board. The dialogue and resulting statement on principles and policies will serve three useful purposes. First, it will help build ownership of the project on the part of senior and mid-level government officials. Second, the statement of policies can provide guidance for the re-writing of the mining code. Third, the policies can be used as conditions and/or milestones during the course of project implementation. Key engagements should be undertaken in this statement, may include (but not limited to):

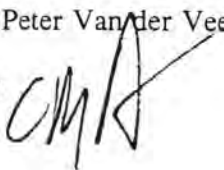
- rescinding of monopoly purchasing and export powers of CBMP;
 - reorganizing and restructuring BUMIGEB into a geological survey and a geo-services group (the later with an eventual view to privatization);
 - continuing efforts to privatize state owned mines (SOREMIB) and, if a suitable buyer cannot be found, the order closure of the facilities;
 - rewriting/revising the minerals legislation and passing the same into law;
 - enforcing title issuance procedures and tax obligations of title holders;
 - up-grading the geological data base and making their information freely available to potential investors;
 - with the advice of the IMF, revising the tax regime to make it more competitive with international standards;
 - with the advice of the Bank, continuing efforts to liberalize constraints to trade, specifically tariff and tax barriers;
 - within the framework of existing government programs, devoting more attention to the health, education, and social conditions in the artisanal mining camps.
- c. The Minister has suggested that it might be a good idea to introduce a new mining code to the National Assembly earlier next year, even before the credit is approved. This should logically occur after the statement of policies and principles has been adopted and published since these will give guidance to the attorneys chosen to write the new code. If it is decided to help the government prepare a new mine code then we will probably have to increase the amount of time spent by Mr. Fortin, the lawyer, on the project. Mr. Fortin has prepared such codes for Niger, Benin, Guinea and other west African countries and is well qualified to do so in Burkina. We should discuss whether any PPF would be available for this purpose.
- d. Even though appraisal is scheduled for April, 1994, it had been hoped that the project could be appraised in December, 1993. My view is that considerably more time should be spent with the Burkinabe to obtain their thoughts on the program, build top level support, and receive some commitment on policy changes. In addition, if the mining legislation is re-written early next year it could well delay the appraisal further, assuming that we would want the new mining code to be passed before proceeding with the project. Before the next mission in December I will prepare a white cover memo which can provide background information for the further preparation of this project.

CC: Messrs./Mmes. Menezes, Azi, Sefta, Novaes (AF5IE); Sarbib, Foster, Garrity, Jonas, Doize, Samen, Chhim (AF5CO); Oka (AF5AG); Mitchell (AF5IN); Gillette (ECAVP); Marshall, Schebeck, Laporte (AF5DR); Vitagliano, Paradis (AF5PH); Hans-Werner Wabnitz (LEGAF); Osei, Barro (Res. Rep. Burkina Faso); Lewis (c/o Res. Rep. Burkina Faso); Meillon; Walser; Holloway; Ivarsdotter; Fortin; Zanga (Consultants).

OFFICE MEMORANDUM

DATE: April 15, 1994

TO: Sylvia Sagari (AF5IE); Peter Vander Veen (IENIM)

FROM: Craig Andrews, IENIM 

EXTENSION: 34275

SUBJECT: BURKINA FASO: Back-to-Office Report, Mission of 24-30 MARCH 1994
Preparation of Capacity Building IDA Credit for Mining Sector

1. As per the mission terms of reference, I was in Ouagadougou 24 - 30 March to continue discussions with the government on preparation of the IDA credit for technical assistance to the mining sector. The two principal objectives of the mission were to: 1) discuss the statement of policies and principles submitted by the government in January and, 2) to begin planning for various activities under a PPF. A copy of the aide memoire is attached as annex 1 for reference.

2. After this latest mission I must confess to a certain sense of disappointment and frustration at the progress made in preparation of this credit. A week prior to my arrival the ministers were re-shuffled. The new Minister of Commerce and Industry is a gendarme by training and the former director of Sonabhy. He started in his new job the day I left and I was only able to meet him for a few brief minutes on the way to the airport. Because he was new to his job, the permanent staff of the Direction des Mines et de l'Energie, BUMIGEB, and CBMP, the government services directly concerned with the project, could not under these circumstances enter into substantive discussions. The previous minister of Commerce and Industry (Mr. Diabre) has shifted to Ministry of Finance. Admittedly, he had his plate full the first week in his new position. I am nonetheless disappointed that he was unable to meet with the mission task manager or the fiscal expert/consultant, especially in light of the importance that fiscal reform will likely have in an eventual project. These new lines of ministerial authority are further clouded by a seeming retrenchment in the government's attitude towards reform as well as a certain resentment towards the Bank in the wake of the devaluation of the CFA franc. I am also uneasy that the new minister of Commerce and Industry, given his background as former director general of the state oil monopoly, Sonabhy, may not be responsive to our proposals to reform the state gold monopoly, CBMP.

3. Without a stronger commitment to reform and, more importantly, a greater government ownership of this project, it will be difficult to produce effective results from the credit. Therefore, a PPF is proposed to deepen the government's understanding of international best practices in the mining industry and to allow it to meet the conditionalities which will likely be attached to appraisal, negotiations, and effectiveness of the credit. In this respect, some progress was made as follows.

4. Subsequent to the previous mission in December, the government, as requested, submitted to the Bank its version of a statement of policies and principles for the sector. While many aspects of this declaration respond to the Bank's concerns, certain points diverge from what we would consider appropriate policies. For instance, the government still desires a participation

(upto 35 percent) in the capital structure of mining enterprises and wishes to continue the current role of CBMP. The government statement also does not adequately treat institutional reform questions and does not address at all questions of fiscal and tax reform. In a general sense, the statement expresses a very weak commitment to reform, simply restates the current institutional set-up and practices (with some improvements in deference to Bank concerns), and does not fundamentally alter the legal framework for mining investment.

The PPF is proposed to:

- a) Provide technical assistance, seminars/workshops, and study visits to other countries with a view to exposing the government to international best practices and to accelerate the drafting of a statement on policies, principles and sector strategy;
- b) Furnish expert legal (international and local) assistance for the review and revision of the mining legislation;
- c) Fund expert (international and local) assistance to define and propose institutional restructuring, reform, and strengthening tasks;
- d) Perform a technical/economic/financial evaluation of the role of CBMP;
- e) Conduct certain activities linked to study and reform of the fiscal regime, both as it applies generally and specifically to the mining industry.

5. These PPF activities are keyed to achieving certain milestones or conditionalities in the programming of the credit. These are detailed in annex 2 to this BTO.

6. After lengthy discussions and exchange of views, it was decided that the government will complete a proposal on these lines for PPF and submit it to the Bank. The government is quite reasonably concerned to limit the high cost of international expertise (US\$17,000 - US\$25,000 per man month) and to increase the amount of local involvement the PPF. In designing the PPF steps will be taken to meet these concerns. At the same time, however, it will be necessary to ensure proper management and quality control over the very technical expertise required. In this respect, it is essential that the PPF have a dynamic local coordinator with formal training in geology/mine engineering/mineral economics as well as many years of senior management experience in the relevant government institutions and internationally funded projects. The government will be designating a local coordinator.

7. The next mission is tentatively scheduled for late June - early July.

CC: Messrs./Mesdames: Ignatius Menezes, Ana Novaes (AF5IE); Jean Louis Sarbib, Whitney Foster, Ann Doize (AF5C0); Monique Garrity (EA3CO), peer reviewers; Katherine Marshall, Emmerich Schebeck (AF5DR); Christina Ivarsdotter (AFTES); Hans Wabnitz (LEGAF); Gotthard Walser (IENIM); Leif Muten, Paul Fortin, Jacques Meillon (consultants);

April 15, 1994

BCC: Messrs. Dominique Wauters, Folmer Bang-Hansen (EEC, Brussels)

République du Burkina Faso

Aide-Mémoire de la mission de preparation sur le Project d'Assistance Technique au Secteur Minier Credit IDA

28 mars 1994

Aide-mémoire

1. Une mission a eu lieu à Ouagadougou du 24 au 30 mars 1994. La mission a été conduite par Monsieur Craig Andrews, spécialiste minier, division de l'industrie et des mines (Banque Mondiale) et par Monsieur Leif Muten, professeur du Stockholm School of Economics, spécialiste en fiscalité. La mission a eu comme objectif la préparation du crédit IDA proposé pour l'assistance technique au secteur minier, notamment le planning et la programmation des fonds de préparation du projet (PPF).

2. Pendant la dernière mission en décembre 1993 le gouvernement et la mission ont échangé des points de vue sur une déclaration de politique et stratégie minière. Le gouvernement a fait parvenir à la Banque une version de cette déclaration au mois du janvier 1994. La présente mission a beaucoup apprécié le travail et les réflexions dans cette version. Toutefois, cette version ne semble pas répondre à toutes les préoccupations de la Banque, en ce qui concerne notamment la participation de l'Etat au capital des sociétés minières, la réforme des institutions, le rôle du CBMP, et les réformes fiscales. Ce document, soumis par le gouvernement mérite d'être développé et complété sur certains aspects. Pour ce faire, il serait souhaitable que les principaux responsables du secteur puissent avoir connaissance des informations sur les pratiques internationales en la matière.

3. Durant son séjour la mission a discuté, avec le "groupe de travail" composé des représentants de la Direction de l'Energie et des Mines, le BUMIGEB, et le CBMP, le projet de planning et programmation du PPF. Ces fonds seront utilisés pour financer l'intervention des consultants internationaux et locaux, organiser les ateliers et délibérations sur les différents aspects de l'industrie minière, la formation des responsables (au Burkina et à l'étranger) gouvernementaux en la matière, et la programmation de l'assistance technique dans les volets prévus dans l'exécution du projet. La mission est de l'avis qu'une période de réflexion est essentielle pour rédiger une déclaration d'une nouvelle politique et stratégie pour le secteur. Cette déclaration servira comme base pour une révision de la législation minière conforme à des pratiques internationales. La période de réflexion et les études permettront au gouvernement d'évaluer le rôle et une restructuration éventuelle du CBMP, la réforme institutionnelle, et de programmer les réformes fiscales (générales et spécifiques au secteur miniers)

pour rendre le régime fiscal plus compétitif sur le plan international. Le PPF aidera le gouvernement à achever les conditionalités liées à l'évaluation et à les négociations du crédit IDA, ceci en vue d'accélérer les activités prévues dans la phase d'exécution du projet.

4. Le gouvernement est conscient de la nécessité d'entreprendre un PPF dans ce sens. Toutefois, étant donné les coûts très élevés des consultants internationaux, il souhaite économiser sur la durée de leurs interventions. Aussi, il souhaite augmenter les fonds disponibles pour les visites d'études à l'étranger et pour le recrutement au maximum de consultants locaux. La mission a été très sensible à ses arguments. Il est proposé que le gouvernement prépare et fasse parvenir à la Banque dans les meilleurs délais une proposition pour le déroulement des activités PPF. Cette proposition devrait porter sur les éléments suivants :

- a) la gestion du PPF par un coordonnateur local;
- b) les ateliers et les visites à l'extérieur dans les pays à vocation minière seront organisés avec l'appui des missions de courtes durées par les experts internationaux recrutés directement par le gouvernement ou par un seul bureau d'études; les ateliers auront pour but de sensibiliser et former les principaux responsables du gouvernement dans les meilleures pratiques internationales en la matière ; les principaux aspects à examiner dans les ateliers sont: la participation de l'Etat au capital des sociétés minières, la structure et organisation des institutions minières, la gestion des titres miniers, la compétitivité et les coûts opératoires, du secteur minier au Burkina vis-à-vis des pays concurrents, la législation minière, et l'orpaillage et petites mines; les spécialités requises comprennent un spécialiste en institutions minière, un économiste minier, un spécialiste en gestion des titres miniers, et un spécialiste en évaluation des projets/analyste financier;
- c) une déclaration de la politique et stratégie minière sera préparée à la suite des ateliers, les visites, et la période de réflexion ; cette déclaration de politique et stratégie doit être adoptée par le conseil de ministres avant l'évaluation du projet;
- d) les visites à l'étranger devraient être organisées avec l'assistance d'un bureau d'études afin de faciliter le déroulement de ces missions et avoir un mandat et but bien définis ;
- e) la révision de la législation minière existante, la rédaction des textes d'application, et la préparation d'un modèle de contrat d'investissement; les fonds PPF prévoient le recrutement d'un juriste internationalement reconnu dans le domaine de la législation minière ; la révision du code minier et les textes connexes doit intervenir avant les négociations du crédit ;

f) la restructuration et le renforcement des institutions tellesque le BUMIGEB, le cadastre minier, et la Direction General des Mines;

g) l'évaluation technique, économique, et financière du CBMP, a laquelle mission attache une importance particulière ; bien que quelques aspects de cette évaluation puissent être entrepris par les cabinets locaux, il est nécessaire d'associer un cabinet international en matière d'audit ainsi qu'un économiste spécialisé dans les exploitations artisanales et la commercialisation de l'or ; les réformes satisfaisantes à la Banque en ce qui concerne le rôle du CBMP seront parmi les conditions du crédit IDA ;

5. Les aspects des réformes fiscales sont actuellement à l'étude par l'expert fiscal accompagnant la mission ; les éléments à prendre en compte pour l'élaboration du PPF seront communiqués au gouvernement après réception de son rapport.

REFORM/ACTIVITY	DESCRIPTION	CONDITION TIMING	DATES	COMMENTS
Policy Dialogue	Prepare statement of policies, principles, strategy and action plan for mining sector.	Before appraisal	1st draft: Oct 94; final: Jan 95	PPF funded
New Mining Legislation	Prepare and submit to parliament new mining law, enabling regulations, and model investment agreement	Before Negotiations	1st draft: Nov 94; final draft: Jan 95 submission: Mar 95	PPF funded
Audit of CBMP	Technical, financial, and economic evaluation of CBMP and recommended course of action	Before appraisal	1st draft: Nov 94	PPF funded
Commitment to reform CBMP	Remove monopoly of CBMP; liberalize prices;	Before negotiations	May 1995	Condition
Implementation of CBMP reforms	Restructuring of CBMP	Project implementation	FY 1997	Condition
Fiscal regime assessment	Review and assess current fiscal regime: general and mining specific	Before appraisal	March-April 94	
Fiscal regime dialogue	Discuss various tax reform measures, agree on competitive system, actions to be followed	Before appraisal	Oct - Dec 94	PPF funded
Commitment to fiscal reform	Commitment to: lower corporate income and dividend withholding tax rates, simplify tax regime, adopt internationally competitive practices	Before negotiations	Jan - May 94	

Implementation of fiscal reforms	Introduction of fiscal reforms; strengthening of government taxation institutions	Project implementation	FY 96-98	loan funded
Dialogue on institutional reform	Dialogue on appropriate institutional structure and functions	Before appraisal	Oct - Dec 94	PPF funded
Committment to institutional reform	Strengthen DGEM; re-organize CBMP; create cadastre service, split BUMIGEB into geological survey and geo-services	Before negotiations	May 1995	condition
Implementation of institutional reform	Implementation of above	Project implementation	FY 96-98	

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: April 12, 1994 01:11pm EST

TO: See Distribution Below

FROM: Whitney Foster, AF5CO (WHITNEY FOSTER)

EXT.: 34653

SUBJECT: BURKINA : CAS/CSP

I am circulating to you separately a revised version of the 2 page CAS matrix many of you saw earlier for the 1995-97 Business Plan. It is critical for the CAS drafting, for Anne and I, to have your comments, marked up corrections soonest (c.o.b. 13 April).

Also, those more directly concerned now have the final draft of the Participation Study for comments. Your reactions on it would be greatly appreciated both on sector detail/conclusions and those of the overall study. We are making extra copies for those interested. I find it quite useful.

Whitney

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COUNTRY ASSISTANCE STRATEGY
SUMMARY OF OBJECTIVES AND OUTPUTS
AF5
BURKINA FASO

Objectives	Actions/Goals	Instruments/Sequencing
A. Consolidate post-devaluation adjustment through support for further precision of state/private sector roles/incentives: (i) achievement of stabilization targets; (ii) by deepening policy reforms (trade, banking, public enterprises, labor code, priority sectors); and (iii) promotion of steady, sustainable supply response (agricultural, livestock, mining and service sectors).	Priorities and actions agreed with the joint IMF/BANK PFP mission in late January 1994, a new policy framework is now in place, reinforcing and adjusting earlier PFP/ESAF/SAL and sectoral agreements to the parity shift. To seize this opportunity, inflation must be controlled (30% in 1994, 6% in 1995), sensitive prices (rice, wheat, petroleum, essential drugs) must be managed with great care, internal and external arrears cleaned up and the productive sectors: (cotton producer price increase by 40-60%), and mining investment will be encouraged through revision of the fiscal regime within a liberalizing regional context (UEMOA pact).	PFP 1994-96 (March 1994) - ERC/ESAF (\$25/25 million) - SAL I (3rd tranche \$20m) - Education IV (\$27 m) - Health II (3/94), Pop/AIDS (5/94) - PID (FY92 \$15m - institutional priorities. - Private Sector Support (FY93, \$8m) - PASA (FY92, \$28m - Agriculture policies) - PASECT (FY92, \$66m - Transport policies). - SAL and PASA II (FY95) - Mining, Private Irrigation FY96
B. Promote Human Resources development, employment creation and pursue our strategy on poverty alleviation, particularly in the short term as it relates to the devaluation.	Increase primary school enrollment to 40% by 1996, by annual teacher increase of 950 per year (1992-93) and 2,300 (1994-96) as well as increased allocations for school books and teaching materials, classroom construction, school inspection support and private school encouragement. Develop program with Government for ambitious program for accelerating primary education beyond 1996. Translate current dialogue on higher education into an action plan to completely overhaul the higher education system to respond to stagnation and decline in public employment, and an emerging private sector. Develop programs to renovate vocational and technical training. Support short in-service retraining for civil servants in accounting and management practices, as well as in the decentralizing health and NRM sectors. Help develop and implement an aggressive AIDS control strategy, as part of continued strengthening of the quality, coverage and utilization of basic health services with particular emphasis on the decentralizing delivery of essential generic drugs and on the nutritional status of the population. The 1992-93 PER sharpened our focus on the priority service delivery areas of human resource development, and our 1993 WID strategy sharpened our gender focus across the priority sectors, for follow-up in FY94-95 with the Poverty Assessment, Youth and Employment Study and a Human Resources Round Table in FY95 - leading to SAL II in late FY95 reinforcing our priority human resources and poverty alleviation focus.	On-going: FY92 PER, FY93 WID strategy - FY91 SAL, PID and priority sectors - Education III (close 3/94), IV (FY91, \$27m) - Health (FY89) - PASA (1992), Food Sec. (1993) - PASECT (1992), Faso Baara (1991) - Participation Study (FY94) - Regional AIDS, Gender and Girls Education Strategies (FY94) New: 1994-96 PFP (ERC, ESAF) - Health/Nutrition (FY94 \$31m), Population/Aids (FY95, \$26m), and possibly Faso Baara, Urban, Food Security supplements (FY94, \$25m) and Faso Baara II (FY95R) - Urban Environment (FY95, \$40m) - Poverty Assessment (FY94-95) and Youth and Employment Study - SAL II \$85m (FY95) - Higher and Technical Educ. (FY96-97)
C. In relation to sharpening and narrowing public sector focus, provide incentives for private sector growth in the productive areas of Burkina's economy within its regional setting	Pursue the tariff and trade, banking, public enterprise and privatization reform process begun under SAL I disengaging the state and budget from its stiff control, rent seeking and unproductive behavior while strengthening the Privatization Commission and private sector incentives for productive investment particularly in the mining (gold and manganese) and agricultural (cotton, karite, fruits and vegetables, and livestock) sectors. Encourage the use, wide distribution and full cost recovery of essential generic drugs. Encourage fiscal reform (mining code) and privatization (CMBP) in the mining sector, and the related regional factor cost adjustments for petroleum (SAL I), energy (interconnections with Ghana and Cote d'Ivoire - Energy, FY97) and transport (SNCF railway, PASECT) sectors and Ouagadougou water provision via (ZIGA II, FY97). NGOs and community associations are another manifestation of an emerging private sector, as recently stressed by the Participation Study, whose roles need strengthening to ensure the sustainability of our program.	On-going: FY91 SAL - FY90 Agriculture services, Research - FY91 PNGT, Faso Baara, Education IV, NEAP (revised 1/94) - FY92 PID, PASA, PASECT - FY93 Energy Sector Review - FY93 Private Sector, Water Supply Engineering TA New: - FY94 Health & Nutrition, Participation Study - FY95 - Urban Environment - Faso Baara II - PASA, SAL II - FY96 Mining Sector Capacity - Private Irrigation - PASECT II (R) - Ag. Services/Research/PNGT - FY97 - ZIGA II

**COUNTRY ASSISTANCE STRATEGY
SUMMARY OF OBJECTIVES AND OUTPUTS
AF5
BURKINA FASO**

Objectives	Actions/Goals	Instruments/Sequencing
D. Focus and strengthen economic and financial management through heightened sensitivity to capacity building, governance priorities.	The PID in support of Government's Programme d'Appui à l'Administration (PAA) is our major contribution to strengthening 4 critical functions: (i) improved information/statistics (seminar on information policy/role setting, May 1994); (ii) strengthened budgetary process - prime focus resource mobilization (customs, taxes), their use in relation to agreed priorities, procurement reform and investment programming; (iii) civil service reform, starting with a focus on the priority sectors, followed by a full census - linking technical competence to budgeted posts; and (iv) legal reform - major training program underway. In a country with a strong "planification" tradition and constituency, and with over 80% of its investment resources coming from the donor community progress on building capacity for these critical "generic" functions is slow. Budgetary transparency and accountability through coordinated supervision (PID and Education IV, Health I and II, PASECT, PASA) in relation to priority sector actions is, however, starting to emerge and will in time be strengthened. The PASA Ministry of Agriculture institutional study is awaited as another critical building block, as is the Higher Education Self-Evaluation study.	On-going: SAL I, PID, PER - Education IV, Health I, Private Sector - PASA, PASECT - Faso Baara, Food Security New: 1994-97 PFP (ESAF/ERC) - FY94: - PANE revisions - Health and Nutrition - Higher Education Self-Evaluation - Faso Baara, Urban II supplements - Poverty Assessment - Population and AIDS - FY95: SAL II, PASA II - Faso Baara II (R) - Urban Environment - FY96: - Mining Sector Capacity - Private Irrigation - Agric. Services/Research/ PNGT II
E. Other: 1. Encourage improved Public Information	Moving from public propaganda to active public/private media (newspapers, journals, radio, TV) with diverse analysis of topics of current interest is a critical part of the economic (and political) liberalization process Burkina has launched. The PID has already provided financing for two teams of 8 Burkinabe to participate in EDI/FAC organized journalist training in Dakar and Yaounde. A regional training of trainers seminar just occurred in April 1994 with follow-up support for in-country seminars and a regional journalistic network.	- PID (FY92) - Economic journalist training component. - Resident Mission - leadership in information dissemination and coordinated public information strategy.
2. Integrating themes: - Environment - Decentralization - Regional context	Strategy and Action Plan in place. Leadership with necessary vision awaited for institutional support and integrated action to materialize. Rural and urban IDA building blocks in place. Government of Burkina internal reflection proceeding. UEMOA framework agreed on 11 Jan. 1994 - for follow-up in trade, banking, transport, legal (business, penal) energy sectors.	PANE (NEAP) 6/91, update 1/94 PNGT (FY91), Urban Environment (FY95), Health and Nutrition (FY94) SAL I (FY91), PASECT (FY92) PID, legal component (FY92), Energy Sector Review (FY93)
3. Accelerate portfolio implementation	Our ARPP FY93 Implementation Letter was sent to the Government on 10 Dec.1993, stressing necessary actions on the macro (SAL, PID, PASA, PASECT) front while noting considerable improvement (\$26-\$37m) on investment execution. The importance of proceeding with the institutional reforms (Part D above) was underlined, and 3 critical points of coordination: STP PAS, PAA Coordination and DG Coop were stressed as focal points (macro, generic and project specific) along with our Resident Mission for implementation problem resolution.	- Mid-term reviews: - FY92 - Agric. Services/Research - FY93 - Faso Baara - FY94 - Urban II(1/94) FY95 PNGT (9/94). - modified ARPP (6/94)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: April 11, 1994 04:56pm

TO: Kawin Wilairat
TO: Goretti Lau

(KAWIN WILAIRAT)
(GORETTI LAU)

FROM: Cathy Naggar-Vazquez, AF5IE

(CATHY NAGGAR-VAZQUEZ)

EXT.: 35018

SUBJECT: CAN-ENV-2-7-93 - TF023450 - Mr. Paul Fortin

Ref: BURKINA FASO - Mining - 3BURPA044
Expiration Date Notification - Your Memo dated 04-06-94

Following our conversation of today, I spoke to Mr. Andrews and informed him about the new procedure of short-terms (9 months) and long-terms (14 to 18 months) assignment for Consultant Trust Fund.

Mr. Andrews has given me the OK to close Mr. Fortin Commitment #A72489, which I did this afternoon.

Thanks

Cathy

CC: ROLANDO ARRIVILLAGA
CC: Silvia B. Sagari
CC: Ignatius Menezes
CC: Craig Andrews

(ROLANDO ARRIVILLAGA @A1@WBHQB)
(SILVIA B. SAGARI)
(IGNATIUS MENEZES)
(CRAIG ANDREWS)

World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: April 11, 1994 05:35pm

TO: Kawin Wilairat
TO: Goretti Lau

(KAWIN WILAIRAT)
(GORETTI LAU)

FROM: Cathy Naggar-Vazquez, AF5IE

(CATHY NAGGAR-VAZQUEZ)

EXT.: 35018

SUBJECT: CAN-ENV-3-7-93 - TF023450 - Mr. J-J. Meillon

Ref: BURKINA FASO - Mining - 3BURPA044

Expiration Date Notification - Your Memo dated 04-06-94

Mr. Andrews has given me the OK to close Mr. J-J. Meillon
Commitment #A72487, which I did this afternoon.

Thanks

Cathy

CC: Rolando Arrivillaga
CC: Silvia B. Sagari
CC: Ignatius Menezes
CC: Craig Andrews
CC: Diann Martin

(ROLANDO ARRIVILLAGA)
(SILVIA B. SAGARI)
(IGNATIUS MENEZES)
(CRAIG ANDREWS)
(DIANN MARTIN)

OFFICE MEMORANDUM

DATE: April 6, 1994

TO: Sarah H. Sipkins (AF5IE)

FROM: C.B. Andrews IENIM



EXTENSION: 34275

SUBJECT: Task Brief, Burkina Faso FY 95

Per your request, please find attached my preliminary task brief for the preparation of the Burkina Faso mining sector capacity building IDA credit.

I would have gotten this to you sooner but I have been away on mission.

CC: Peter van der Veen, (IENIM)

BURKINA FASO

TASK BRIEF FOR FY 95 PREPARATION OF IDA CREDIT: US\$ 40 MILLION CAPACITY BUILDING: MINING SECTOR

Project Objectives

- a) improve enabling environment (mining legislation, fiscal policies, institutional framework) to better attract private investment to the mining sector;
- b) strengthen and re-structure government institutions to better supervise and implement the new legislation and regulations, train and develop capacity of government personnel;
- c) up-grade the existing geology data base, acquire new geophysical and geochemical data, complete geology cartography, and improve dissemination of this geo-information to interested investors;
- d) improve efficiency, safety and hygiene conditions of artisanal mining.

Current Status of Project

Several preparation missions have been conducted to Burkina since September 1993. The basic project outline has been developed which includes policy dialogue; review and revision of mining legislation; review and revision of tax legislation (general and as specifically applied to mining); re-organization and strengthening of government supervisory institutions (Direction of Energy and Mines, BUMIGEB, CBMP, etc.); acquisition and up-grading of geological database through programs of geophysics, geology cartography, improving laboratory facilities, etc; studying artisanal mining camps and conditions, with a view to improving safety, hygiene and environmental standards.

After the preparation missions in September and December, 1993, it has become apparent that more effort needs to be devoted to ensuring government ownership of the project. Ensuring this ownership is the principle task of the PPF which is presently in preparation. The PPF will fund technical assistance, workshops and seminars, and visits outside of Burkina to expose the authorities to international best practices in the mining industry. The activities to be funded under the PPF will help the government to achieve the conditionalities in the evolution of the loan, as follows:

- prior to appraisal, the government will prepare a statement of policies, principles and strategies for the sector, acceptable to the Bank;
- prior to appraisal, the government will commit to reform of CBMP; the role of this government marketing monopoly for gold (CBMP) is unclear; the PPF will fund an

audit by internationally accepted firm which can provide the basis for the government to come up with a restructuring plan acceptable to the Bank;

- prior to negotiations, the government will introduce new mining legislation to the parliament; the PPF will fund expert legal assistance to help in drafting this new legislation, in line with the statement of policies and principles;
- prior to appraisal, complete a review of the current tax regime and commit to fiscal reform before negotiations; the PPF will fund consultants to identify problem areas and propose solutions for implementation under the loan.

FY 1995 Budget and Work Plan

June-July 1994: Mission to Burkina to discuss and/or supervise the PPF; participation of task manager and one other IENIM staff; 4 staff weeks in field.

September-October 1994: Mission to Burkina to assist consultants with policy dialogue, statement of principles and policies, legal reform, resolution of CBMP role, and tax reform study; participation of task manager and one other IENIM staff; 4 staff weeks in field.

December-January 1994-95: Follow up to discuss statement of principles, resolution of CBMP, new legislation, tax reform program, etc; participation of task manager of other IENIM staff; 3 staff weeks in field.

March-April 1995: Appraisal of project and preparation of project documents; discuss status of reform and project activities; task manager and/or other IENIM/AF5IE staff, 2 consultants; 12-15 staff weeks in field.

May-June 1995: Negotiations and board approval; 3 staff weeks.

STAFF WEEK ESTIMATE (not including PPF activities)

	Staff Weeks	
	Field	HQ
Bank		
Task Manager	8	9
Other IENIM	8	4
Economist (AF5IE)	<u>3</u>	<u>3</u>
TOTAL	19	16
Consultants (appraisal mission)*		
Geologist	3	3
Institutions	3	3
Small scale mines	<u>3</u>	<u>3</u>
TOTAL	9	9

*Some of these consultants may already have been budgeted for under trust funds.

BUDGET ESTIMATE (travel expenses only)

Airfares: 10 RT @ \$4,000 ea	=	\$ 40,000
Per Diem: 28 weeks x 7 days x \$200/day	=	\$ 39,200

Task Brief
for AFSIE

Please see EM March 14, 1994
from Silvia Sagari

THE WORLD BANK/IFC/MIGA

DATE: _____

M E S S A G E

TIME: _____

Received by : _____

TO: _____

FROM: _____

DEPT./OFFICE: _____

EXTENSION: _____ PHONE: _____

☐ Called

☐ Call back

☐ Came to see you

☐ Will call again

☐ Returned your call

☐ Requests appointment

☐ **U R G E N T**

REMARKS: _____

TASK

BURKINA FASO - Mi

1.

Project Objectives: The n

- (a) attract more private invest
improving the legislative, r
thereto;
- (b) strengthen the government ir
including training of officials
practices; and
- (c) improve the efficiency, safety
the Sahel Burkinabe.

udder chaos

Craig Andrews:

Could you please produce
task brief for FY95?
Silvia



Preliminary Budget and Work Plan

2.

Missions:

- (a) May 1993: initiate project discussions with government officials; identify any vested interests and review major implications of private sector development of sector for them, collect and update mining sector information, refine and adapt project components to Burkina realities and needs. One week; write up two weeks. Sector specialist/task manager.
- (b) September 1993: continue discussions with government, confirm commitment from government on key points, undertake detailed analytical work to design of various components (especially geology and artisanal work). Two to three weeks in field; two weeks write-up (minimum); task manager (Bank); economist (Bank); senior geologist (consultant); artisanal mining specialist (consultant); health specialist (consultant); legal (consultant)/institutional specialist(consultant); environmental expert? (Bank staff).
- (c) December 1993: discuss findings of previous mission, finalize design of project, strengthen rapport with executing agency, address any potential obstacles, review implementing arrangements, discuss government commitment (or obtain same if not received previously). Two weeks in field; two weeks write up (minimum). Task manager, geologist (consultant), institutional specialist (consultant).
- (d) April 1994: project appraisal. Appraise project, finalize design, review terms of reference for TA under the project, obtain confirmation of government commitment, agree on conditions for negotiations, conditions for effectiveness, etc. Three weeks in field; two weeks write up. Task manager, geologist, economist (?).

TASK BRIEF FOR FY94

BURKINA FASO - Mining Sector Capacity Building Project

1. Project Objectives: The main objectives of the proposed project are to:
 - (a) attract more private investment to large, medium and small scale mining by improving the legislative, regulatory, and fiscal environment pertaining thereto;
 - (b) strengthen the government institutions responsible for supervision of the sector including training of officials in pertinent administrative techniques and practices; and
 - (c) improve the efficiency, safety and hygiene conditions of artisanal mining in the Sahel Burkinabe.

Preliminary Budget and Work Plan

2. Missions:
 - (a) May 1993: initiate project discussions with government officials; identify any vested interests and review major implications of private sector development of sector for them, collect and update mining sector information, refine and adapt project components to Burkina realities and needs. One week; write up two weeks. Sector specialist/task manager.
 - (b) September 1993: continue discussions with government, confirm commitment from government on key points, undertake detailed analytical work to design of various components (especially geology and artisanal work). Two to three weeks in field; two weeks write-up (minimum); task manager (Bank); economist (Bank); senior geologist (consultant); artisanal mining specialist (consultant); health specialist (consultant); legal (consultant)/institutional specialist(consultant); environmental expert? (Bank staff).
 - (c) December 1993: discuss findings of previous mission, finalize design of project, strengthen rapport with executing agency, address any potential obstacles, review implementing arrangements, discuss government commitment (or obtain same if not received previously). Two weeks in field; two weeks write up (minimum). Task manager, geologist (consultant), institutional specialist (consultant).
 - (d) April 1994: project appraisal. Appraise project, finalize design, review terms of reference for TA under the project, obtain confirmation of government commitment, agree on conditions for negotiations, conditions for effectiveness, etc. Three weeks in field; two weeks write up. Task manager, geologist, economist (?).

BUDGET ESTIMATE (FY 1994)

	STAFF WEEKS			COST ESTIMATES		
	Field	HQ	Total	Salaries Fees	Travel ³	Per Diem ⁴
BANK ^{1/}						
Task Manager	8	12	20	50,000	18,000	11,000
Economist (AF5IF)	5	5	10	25,000	12,000	7,000
Health (AFT)	2	2	4	10,000	6,000	2,500
Environment (AFTEM)	2	2	4	10,000	6,000	2,500
CONSULTANTS ^{2/}						
Geologist	6	6	12	36,000	12,000	8,000
Legal Expert	3	3	6	18,000	4,000	4,000
Institutional	4	4	8	24,000	8,000	5,500
Total	30	34	64	173,000	66,000	40,500

1. Assumed average salary + benefits HL-staff \$130,000/yr.
2. Assumed average consultancy fee \$600-1 day.
3. Roundtrip ticket \$6,000 (First class); \$4,000 (bus. class).
4. Per Diem if \$200/day.

The budget for Bank-staff amounts to \$95,000 plus \$65,000 in travel expenses. The cost for consultants is \$78,000 plus \$41,500 for travel expenses. With respect to the latter we will try to use consultancy trust funds to reduce the cost incurred by the Bank.

Funding Arrangements		SW.	Airfare	Per Diem
Task Manager	IENIM	20	18,000	11,000
Economist	AF5IE	10	12,000	7,000
Health	AFT	4	6,000	2,500
Environment	AFTEN	4	6,000	2,500
Geologist	TF Consultant	12	12,000 (TF)	8,000 (TF)
Legal	TF Consultant	6	4,000 (TF)	4,000 (TF)
Institutional	TF Consultant	8	8,000 (TF)	5,500 (TF)

A L L - I N - 1 N O T E

DATE: 18-Mar-1994 10:42am

TO: Craig Andrews (CRAIG ANDREWS)

FROM: Sarah H. Sipkins, AF5IE (SARAH H. SIPKINS)

EXT.: 35015

SUBJECT: Task Briefs FY95

Mr. Andrews,

I am assisting Ms. Sagari in assembling pertinent documentation regarding task briefs for FY95 (see E-mail "Estimate of Ressources"). I am sending you through inter-bank mail some comments from Silvia on Burkina Faso - Mining Sector Capacity Building Project. Please respond by early next week. If you have any questions please do not hesitate to call.

Thanks.
Sarah Sipkins x35015
J9-075

A L L - I N - 1 N O T E

DATE: 16-Mar-1994 09:58pm

TO: See Distribution Below

FROM: Silvia B. Sagari, AF5IE (SILVIA B. SAGARI)

EXT.: 35017

SUBJECT: Burkina - Tax Regime

Colleagues,

Today I got a call from Innocence Diogo. I had called him a few days ago (after discussing the matter with Whitney) to discuss the possibility of us having a study done on the overall tax regime in Burkina. (Just to remind you, we went into this subject through the door open by the severe problems observed in the mining taxation regime.)

Innocence told me that he had discussed the issue with both his team and the team in the Fiscal Affairs Department and that they all thought that the study was most necessary and welcome. They just asked to be able to comment on the terms of reference. I propose that we draft them together.

Since Ana is the person who had taken most interest in this matter from IE, I will wait until her return to ask her to pursue the issue of drafting TOR with the Fund and the CO team. Also, Craig Andrews is currently in Burkina. We shall keep you posted.

Silvia

PS: Albert, could you please give a copy of this EM to Craig?
Thanks a lot.

DISTRIBUTION:

TO: Craig Andrews	(CRAIG ANDREWS)
TO: Ana Novaes	(ANA NOVAES)
TO: Whitney Foster	(WHITNEY FOSTER)
TO: Olga Jonas	(OLGA JONAS)
TO: Anne Doize	(ANNE DOIZE)
TO: Jean Louis Sarbib	(JEAN LOUIS SARBIB)
TO: ALBERT OSEI	(ALBERT OSEI @A1@BURKNA)
TO: Katherine Marshall	(KATHERINE MARSHALL)
TO: Francois Laporte	(FRANCOIS LAPORTE)
TO: Cherif Azi	(CHERIF AZI)
TO: Nadjib Sefta	(NADJIB SEFTA)
TO: Ignatius Menezes	(IGNATIUS MENEZES)

*Chief Minister
report*

Ouagadougou, March 29, 1994

Mr. Craig Andrews
IBRD

Subject: Burkina Faso--Mining Investment Code

Under the Presidential Decree No 93-186 the Law No 014/93/ADP of May 19, 1993, was promulgated, containing a "Code des Investissements Miniers". It is understood that this enactment took place without consultations with the Bank, implying that this mission is free to comment on its provisions in the general context of its study of the tax system with special reference to mining.

1. General remarks

As a general issue, one might first of all ask, whether the Code is at all needed. The general tendency in the world goes toward tax systems that in themselves are sufficiently reasonable not to be an obstacle to international investment. Special reliefs for new investors are seen as having a number of negative features. They may imply that potential revenue is forgone, i.e. when the investment would have taken place even without the reliefs stipulated. They may foster corruption, when their application depends on discretionary decisions. They may distort competition when offered to newcomers while the established investors have to pay the full load. They require control against abuses, while at the same time establishing a situation where in practice tax returns are rarely filed by those enjoying tax holidays, and the tax office loses track of the nonfilers.

Still, investment codes are in existence virtually everywhere in developing countries. They may be fulfilling a purpose, even outside the area of special tax incentives, establishing policies of non-discrimination, of rights to repatriation of profits, of access to the national market, etc. If a country is just establishing an open-door policy, perhaps after a period of economic isolation, an investment code might well have a positive announcement effect vis-à-vis the foreign business community. Hence, the idea of a mining investment code for Burkina Faso should not be rejected off hand.

The first seven articles of the new mining investment code fall into this category. In that respect, they should be seen as non-controversial. In two respects, however, the provisions of the code seem too restrictive to fulfill their purpose. Art. 6 in fine establishes the free circulation in the interior of finished products and semi-fabricates, something that gives very little comfort to a prospective exporter. Also, Art. 7 tells that investors and workers in Burkinabè mining enterprises are free to transfer their earnings in the currency their investment was made in (the salary-earners are forgotten in this part), but only "sous

réserve de la réglementation en matière de change", which in other words means no guarantee at all. It would be better not to mention the matter, if the rules have to be restricted in this fashion.

Art. 5 is somewhat similar, establishing that alien employers and workers are personally subject to taxes in accordance with the law prevailing in Burkina Faso. Present tax laws should not present a main obstacle in this respect. If government would turn to a different policy, however, pushing a redistributive tax policy, the cost of hiring expatriate staff, whose net salaries would in practice be negotiated in terms of salary net of local taxes, might quickly turn excessive. Some guarantee in this respect might be welcome, and if no guarantee is offered, mentioning the matter will serve no positive purpose.

2. Customs incentives offered

The code takes as its point of departure the two-tier system established in the mining code, with prospecting and research coming first, exploitation rights second, and, as an alternative to exploitation rights, the offering of a mining concession. This system should be simplified. It is not conducive to prospecting activities that a second round of permits is needed before the successful prospector can start making use of his discoveries, exploiting them by mining. It is, moreover, doubtful whether the distinction between convention and exploitation rights is useful. As long as the benefits are more generous in the case of a convention, investors will normally insist on one.

The customs privilege offered under Art. 9, at the prospecting stage, refers to temporary admission of materiel and equipment, as well as customs exemption for spare parts, and materials, fuel and lubricants. Under Art. 11, referring to the exploitation stage, there is no temporary admission any more but a complete customs exemption. Interestingly, Art. 9 provides explicitly for customs to be due if goods imported under temporary admission are the subject of "cession" or sold, whereas no similar provision is found under Art. 11. Yet, one would have expected that provision to be more needed in the case of customs exemption under Art. 11 than in the case of temporary admission under Art. 9, since by its very nature, the temporary admission is combined with provisions for customs to be due if the goods are not reexported. This fact, in turn, makes it doubtful whether temporary admission is a satisfactory solution in all prospecting cases.

The definition of professional materiel used for prospecting, and the somewhat more detailed description in Art. 11, leave room for different interpretations of what is professional equipment. Whereas under Art. 11 an explicit exception is made for automobiles, as well as for office materiel and furniture, a similar exception is not made in Art. 9, and Article 9 also does not exclude air conditioners which

Art. 11 does. Experience has shown that an in blanco exemption is often abused as a cover-up for all kinds of personal imports. Some countries require itemized lists of intended imports, but the cost in time to prepare them as well as the control of the containers when they arrive in the country is certainly a strong discouragement.

The exemption for building materials is somewhat surprising, given the availability in the country at least of locally produced cement, possibly of some other materials as well. What is an encouragement to one investor might end up as a denial of intended protection for another. The legislator has to strike a fair balance between both, possibly by setting up a requirement that local products should be competitive in price and quality for exemption to be denied.

The definition of fuel used for energy production for the mine and of specific lubricants is not very easily controlled. Again, the issue is rather whether it would be more of an encouragement to industrial development to keep fuel taxation at a generally reasonable level, rather than making exemptions just for mining enterprises.

The customs exemption is limited to the first investment, including accompanying spare parts. These are not defined, and there is an interesting situation of choice for the investor, whether to overinvest in exempt spare parts or go for a smaller investment at the risk of having to pay duties on spare parts delivered later. Art. 11 in fine offers a possible escape route: the need for spare parts may often occur as a result of "technical incidents", and these, in turn, open the door to customs exemption. So does an extension of the plant, again a technical concept less easily defined in practice than in theory.

Art. 12 establishes that the customs exemptions offered exclude fees for services rendered. It is unclear whether this applies to the "droit de statistique", although an affirmative answer to the question was given by a senior customs official interviewed. It is obvious that there is no protection offered against excessive use of the fee concept.

3. Other tax incentives

With respect to exemptions from other levies than customs, there is obviously little need for them in the case of prospectors. Only the minimum tax (MFPIC) and the payroll tax (TPA) need to be mentioned, as they duly are in Art. 10. One might add that it is not quite clear whether an already existing enterprise wishing to prospect will be better off entering the project in the name of a new company entitled to the benefits under this code, or whether it might prefer using the profits from its ongoing mining operation to cover deductible costs of prospecting in a new area. Some countries have "ring-fencing" rules to prevent this, since an unlimited right

✓ to deduct losses incurred in new ventures from profits in established ones might well jeopardize the revenue result.

The tax reliefs at the production stage are more elaborate than those for prospectors (Art. 13 - 18). Of these, the first article refers to a holder of a "permis d'exploitation" and the second to a "concessionnaire minier", whereas Art. 15 - 18 seem to refer to both categories. The concessionaires are in principle subject to more favorable treatment. They enjoy a 13 year tax holiday with respect to minimum tax (IMFPIC), patente, payroll tax (TPA), and main-morte (TBM), whereas those with just an exploitation permit enjoy the same benefit for only 7 years.

Likewise, the concession holders are entitled to a 50 percent reduction of the dividend withholding tax (IRVM) for a 12 year period, whereas those with an exploitation permit will enjoy that reduction for only 5 years.

4/25 Nevertheless, the permit holders enjoy a 25 percent reduction of the IRVM for an unlimited time after the 50 percent reduction has expired, whereas the concession holders, once their 12 year period is over, will have to pay full IRVM on the dividends they pay. It is difficult to see a rationale for this discrepancy. Basically, the rule is somewhat less objectionable with respect to the permit holders, in as much as the abrupt doubling of the IRVM after the expiration of the holiday period will constitute a strong incentive to distribute as much as possible before that happens. Still, both provisions imply such an incentive, whereas it should normally be in the interest of the country that foreign investors retain their profits rather than repatriating them. A sounder alternative might therefore be a reduction of the IRVM to an internationally more normal level, at most 15 percent as against the present 25 percent, while at the same time abolishing the initial exemptions now stipulated in Art. 13 and 14.

✓ Moreover, the permit holders enjoy a 5 year exemption from profits tax (BIC), a privilege that is not extended to the concession holders. It is difficult to see the reason why the latter are not given the same privilege, particularly since in general they seem to have been offered more favorable rules in other respects.

7/1 The five year tax holiday from the BIC is in itself not excessive, but the period is shorter than stipulated for the IMFPIC, patente, TPA, and TBM. It seems a bit odd that the obligation to pay BIC for the first two years after the expiration of the holiday will not be accompanied by the minimum tax provisions, although it might be expected that those enterprises which are not able to get a concession will be of the small business type that in particular need a minimum tax provision, given the status of their tax accounting.

Another oddity is that the investment code refers to the VAT exemption for exports (Art. 16), a provision that constitutes a basic element in the construction of the VAT and in so far would have no place in a listing of incentives.

✓ Likewise, Art. 17 refers to the accelerated depreciation provided for in the tax code. Again, this is not an incentive limited to those benefitting from the mining investment code, but rather a provision of the general tax law. In fact, rather than mentioning accelerated depreciation, it might have been useful to point out that the enterprises benefitting from a tax holiday as far as BIC is concerned do not have to apply the rules on accelerated depreciation but should, on the other hand, not be entitled to a postponement of their linear depreciation until their holiday elapses.

✓ Art. 15 establishes a rather stingy rule under which the stamp duty on the foundation of the corporation and the expansion of its capital may be paid in five yearly instalments. The international trend goes against this type of stamp duty and it will soon be difficult for a country to exceed the 1 percent duty now established in the European Union.

The code makes no particular provision for the carry forward of losses. The general tax code establishes such a carry forward, but for four years only, a relatively restricted rule in a world where many countries apply no limitation at all and others set their limit mainly with regard to the time the books are still being kept, a time that is often longer than the four years applicable in Burkina Faso. A generous rule on carry forward of losses may, in fact, if combined with a likewise generous rule on accelerated depreciation, de facto result in the same tax holiday or an even longer one than the tax holiday offered by an investment code of the kind we are dealing with here.

4. Minimum taxes

With respect to the minimum taxes, it is worth considering whether, in the case of mining companies, the metal royalty provided for under Art. 11 of the decree 93-253/PRES/PM/MFP/MICH/MDEM of August 2, 1993, could be applied as such a minimum tax, then possibly at a somewhat higher level than the one now stipulated (3 percent of the FOB value for gold, 4 percent for base metals, and 7 percent for diamonds), and rationalized both with respect to the computation of the base and with respect to the authority charged with collection. In other African countries, this solution has been used both with the purpose of stabilizing government revenue and in recognition of the fact that it is very difficult to arrive at a totally satisfactory assessment of the profits of mining companies.

What is involved in the case of the tax base for ore is establishing the correct quantity and description of what is produced, and the actual market price at the time of deli-

very. Both issues are clearly technical and can be solved, drawing from objective third-party sources. The profit computation, on the other hand, is normally characterized by a considerable amount of non-arm's length trading, necessitating a judgment on the accuracy of transfer prices applied between related firms. Moreover, the present tax code has only scanty references to issues such as depletion allowances, stock valuation, and reserves, in particular for restoring land after the termination of the mining activity. In comparison, the task of making an assessment of the net profit of the mining operation is by far more complicated.

It should, therefore, be seriously considered whether the assessment to BIC should not be allowed to take a secondary place after the establishment of a minimum tax, based on actual production.

If that path is chosen, it would be appropriate to reconsider the present relationship between the minimum tax and the profit tax. The reason is the following. At present, the minimum tax is always payable, but in as much as there is an assessment of profit tax, the minimum tax is credited against the profit tax, so that profit tax is payable only in the amount by which the profit tax exceeds the minimum tax. This arrangement is admittedly quite practical, but it has one drawback, namely, with respect to the use of the tax as a credit against income or profit tax charged in the investor's country of domicile. If that country is the United States, only the profit tax can be credited, not the minimum tax. It is therefore a material difference between an arrangement, under which profit tax will always be paid but credited against minimum tax, and the present rule under which minimum tax will always be paid but credited against profit tax. Obviously, the distinction is purely theoretical, but it has more than academic implications to the extent the investor is subject to the U.S. rules on foreign tax credit.

5. Other issues

The special provisions under Art. 19 are in most respects quite normal. Regular accounts kept in the country are a perfectly legitimate requirement, and so is respecting the country's environmental and health laws and providing the authorities insight in the books. The only point where a question-mark may be placed is the provision requiring the enterprises to give priority to nationals in hiring, and to organize professional training at all company levels. The question-mark obviously does not refer to the desirability of these activities. Obviously, it is in the interest both of the country and of the foreign investors to build a national staff, and this already for the simple reason that expatriates normally are much more expensive to hire than nationals.

The problem is, however, that it is extremely difficult to establish what is implied in giving priority to nationals when hiring. Priority might consist in choosing the lo-

cal candidate among two candidates with perfectly equal merits. That kind of priority is obviously refused the nationals only by employers, whose prejudice takes the upper hand over their economic judgment. Or it can be defined as choosing a local candidate who is just barely competent in favor of an expatriate with excellent merits. The latter interpretation is not excluded by the text of the mining investment code. Yet, any mining company will know, by own experience or that of others, how utterly important the technical competence can be, not only for the economic result of the mining activity but also for the personal safety of the mining workers. It would not be a satisfactory situation, if the authorities were given the sanction power established in the third paragraph of Art. 19 and could potentially use it to force companies into a prioritization of the second kind.

6. Conclusion

The new mining investment code is not in its present form a useful element in the mining policy of Burkina Faso. A revision of the code should be considered along the lines suggested above. Regrettably, I am unaware of the political implications of this suggestion, and totally uninformed of who is technically responsible for the shortcomings of the law that I have criticized.

Your comments are, of course, most welcome.

Sincerely

A handwritten signature in blue ink, appearing to be 'Leif Mutén', with a long horizontal flourish extending to the right.

Leif Mutén

REPUBLIQUE DU FASO

AIDE MEMOIRE: 22 JUILLET 1994

MISSION DU 18 AU 22 JUILLET 1994

PREPARATION DU PROJET DE CREDIT IDA: ASSISTANCE TECHNIQUE AU SECTEUR MINIER

Une mission conduite par Monsieur Craig Andrews, spécialiste minier de la division de l'industrie et mines, a eu lieu à Ouagadougou du 18 au 22 juillet. La mission a eu comme objectifs, 1) de discuter du projet de termes de référence concernant l'étude sur la commercialisation de l'or au Burkina et, 2) de discuter et de mettre au point les activités proposées dans le cadre des fonds pour la préparation du projet (PPF). Les buts de l'étude sur la commercialisation de l'or et du PPF sont d'aider le Gouvernement à s'engager sur les dispositions à prendre afin de remplir certaines conditions préalables de l'entrée en vigueur du crédit.

Durant la visite, la mission a eu des entretiens avec S.E. le Premier Ministre Monsieur Roch Marc Christian KABORE, S.E. le Ministre du Commerce et de l'Industrie, Monsieur Mohamed Souley ainsi que les responsables de la Direction de l'Energie et des Mines, le Bumigeb, et le CBMP. Par ailleurs, la mission a pu rencontrer les consultants chargés d'une mission d'évaluation d'un projet minier proposé au financement du Sysmin (CEE), un représentant d'une société désirant s'installer au Burkina pour offrir des services de laboratoire, et les représentants de plusieurs sociétés minières installées au Burkina, y compris le BHP Minérales et Anglo-américain Prospecting Services. La mission tient à remercier le Gouvernement pour son assistance et les intervenants Burkinabè pour leur coopération parfaite.

Suite à la dernière mission de préparation en mars 1994 certains points restaient en suspens, notamment une restructuration éventuelle du rôle du CBMP et les activités à entreprendre dans le cadre d'un PPF. Le Ministre du Commerce et de l'Industrie ainsi que le Directeur Général du CBMP, au cours d'une visite à Washington au mois du juin dernier ont convenu d'entreprendre une étude sur la commercialisation de l'or au Burkina. La mission exprime sa satisfaction d'accord commun établi sur les termes de référence pour cette étude (voir annexe). Les objets de cette étude sont les suivants :

- i) d'évaluer la commercialisation de l'or au Burkina, surtout en ce qui concerne les exploitations artisanales;
- ii) d'examiner les avantages et inconvénients du monopole de l'Etat pour l'exportation de l'or;
- iii) de déterminer les coûts réels de l'intervention du CBMP dans le secteur ;
- iv) de proposer des améliorations pour la commercialisation de l'or, y compris la suppression éventuelle du monopole et la restructuration des activités du CBMP.

Cette étude sera préparé par un Cabinet d'Audit et Conseil en Gestion internationalement reconnu en association avec les consultants locaux. Les équipes de ce cabinet seraient renforcées éventuellement par

un ou deux consultants en exploitations artisanales sur financement des "trust funds" restant à la disposition de la Banque.

Concernant les activités du PPF, les intervenants ont convenus des termes de référence et des procédures à suivre afin de réaliser le PPF. Les fonds PPF seront utilisés pour financer l'intervention des consultants internationaux et locaux, organiser les ateliers et les délibérations sur les différents aspects de l'industrie minière, la formation des responsables gouvernementaux en la matière, et la programmation de l'assistance technique dans les volets prévus dans l'exécution du projet. La durée des activités PPF est estimée à 6 mois. Un coordonnateur local devrait être nommé pour la gestion du PPF. En outre de l'étude sur la commercialisation de l'or décrite ci-dessus, le PPF aidera le Gouvernement à préparer un document sur la politique et stratégie minière et à la révision de la législation minière.

Le document sur la politique et stratégie sera éventuellement publié par le Gouvernement et servira comme base pour l'élaboration de la nouvelle législation minière ainsi que les réformes sur le régime fiscal portant sur l'industrie minière au Burkina. Plusieurs études seront entreprises ; des ateliers et des séminaires organisés sur les aspects pertinents, tels que (non-limitatif) :

- i) les rôles respectifs de l'Etat et le secteur privé, y compris la participation de l'Etat dans le capital des sociétés minières;
- ii) l'organisation institutionnelle et les fonctions et responsabilités des organes de l'Etat intervenant dans le secteur;
- iii) la fiscalité minière, y compris les recommandations en ce qui concerne le BIC et le IRVM ainsi que les redevances minières;
- iv) les exploitations artisanales et les petites mines;
- v) les coûts de production, y compris une comparaison avec les pays de la sous-région et dans d'autres pays.

Les révisions et réformes sur la législation sont essentielles afin d'attirer les investisseurs privés locaux et internationaux et de leur assurer des conditions stables de travail. Il s'agit de réformer l'ensemble des dispositifs réglementaires et législatifs régissant le secteur minier tels que la loi fondamentale (code minier), les décrets d'application, les conventions d'établissement, et éventuellement le code d'investissement minier. Le PPF prévoit une assistance technique d'un juriste international spécialisé dans la législation minière ainsi que les juristes locaux en la matière. En même temps, il serait possible que les juristes donnent une assistance dans les négociations avec les investisseurs afin d'accélérer le processus de négociation et de s'assurer que les dispositions des conventions conformes aux révisions de la législation et aux politiques arrêtées.

Il a été décidé que le gouvernement contactera la mission résidente afin de déterminer les procédures à suivre afin de mobiliser les fonds PPF. Etant donné la re-organisation de la structure des départements dans la région de l'Afrique au sein de la Banque, dès son retour à Washington la mission prendra contact avec les responsables afin de déterminer la disponibilité des fonds pour un PPF. Il serait souhaitable de procéder le plus rapidement possible à la réalisation du PPF étant donné les contraintes juridiques, fiscales, et institutionnelles vis-à-vis les investisseurs.

La mission remarque un rapprochement entre les positions du Gouvernement et de la Banque sur certains aspects de la situation minière dans le pays. Les réformes entamées dans l'organisation du

Bumigeb semblent aller dans le sens du rôle de superviseur et régulateur du secteur, et non comme intervenant direct dans les activités de la recherche détaillée ni des opérations d'exploitation. Le projet peut apporter une aide considérable pour effectuer cette transformation. L'étude sur la participation de l'Etat dans le capital des sociétés minières montrera les avantages et les inconvénients d'une telle participation. Il est à souhaiter que les dispositions juridiques, financières, fiscales, douanières, parmi d'autres, peuvent figurer dans la législation régissant les investissements dans le secteur. Dans ce cas, il n'y aura pas besoin de négocier les dispositions spéciales avec chaque investisseur et réduira le temps nécessaire à réaliser les investissements. Les industries connexes à des activités d'exploration et d'exploitation (par exemple, les services de laboratoire, d'entretien, de forages, etc.) devraient bénéficier de certaines dispositions de la fiscalité et la législation minière dans les conditions restant à définir. Le Gouvernement devrait apporter une attention particulière au respect des obligations convenues avec les opérateurs miniers, notamment en ce qui concerne les programmes de travail, les engagements financiers, la quittance des taxes superficielles et ad valorem. La mise en place d'un système d'octroi et de gestion des titres qui soit efficace, simple, transparent, et rapide est essentiel. Le Gouvernement devrait également apporter une attention particulière aux conditions de travail des entreprises minières, notamment la mise en vigueur effective des avantages douanières, fiscales et autres qui leurs sont accordées. Il est à souligner que le Burkina Faso a pu bénéficier d'un intérêt considérable manifesté par les investisseurs ces derniers mois ; il est essentiel que cet intérêt soit maintenu, que l'octroi des titres miniers soit efficace et rapide, et que le Gouvernement évite la remise en cause des conventions conclues avec les investisseurs.

A L L - I N - 1 N O T E

DATE: 21-Jul-1994 06:57pm

TO: ANNE DOIZE

(ANNE DOIZE @A1@WBWASH)

FROM: Andrews Craig Burkina Visitor, AF5BU (ANDREW CRAIG)

EXT.:

SUBJECT: Your fax requesting mining information

Anne:

Thanks for your EM of 20 July. I'm afraid I'll miss you but may see Whitney if he arrives before I leave Friday (22 July) evening. After significant meetings I am a bit more optimistic about the project than I was last mission; they seem to have been listening to us on many principal points. Our terms of reference for the "etude sur la commercialisation de l'or" (read: CBMP audit) have survived relatively unscathed, even though I'm sure that they are hoping that the study will prove exactly the opposite of what we want. I'll leave some notes for you and Whitney before I leave.

In regards to your questions about minerals production, let me give you the following elements which are really my best estimates (aside from the production in 1993).

Gold:

Officially declared production (i.e. through CBMP) as follows:

- artisanal: 928.3 kgs fine gold
- industrial (Pourra mine): 689.3 kgs fine gold
- total production: 1,618 kgs fine gold; market value of US\$ 19.3 million
- total CBMP exports (includes stocks carryover from 1992): 1,94.70 kgs, market value \$ 23.2 million;

Zinc:

- no production yet and none in the foreseeable future due to transportation and international market problems.

Manganese:

- Ana may know the production figures; tonnage and values are not very significant and, in my view, unlikely to play significantly in future calculations until the transport problems are solved.

Exploration Investments:

About 14 companies, local and international are active on permit areas. The international groups are spending this year about US\$ 10 million in exploration. This could easily increase if they begin drilling programs.

Development Investment:

Hard to estimate, but:

- over the next five years I am willing to bet that someone will find a big deposit. A mine to produce 3-5 tonnes gold/year (production value: US\$ 65 million/year) is unlikely to have a capital cost of less than US\$ 80 million;

- if we get lucky, we might even have a second mine of similar magnitude.

Best analogy I can give is Mali. Seven years ago they had no industrial production. Now, they have 6 tonnes/year from Syama (\$120 million capital investment) and could over the next four years have a new mine (Sadiola) for 15 tonnes/year at a capital cost of \$300 million.

I could work this out for you better if I had more time; I'm due for an appointment just now so I had better leave it at this. I hope this is helpful to you.

Best,

Craig

CC: WHITNEY FOSTER
CC: ANA NOVAES

(WHITNEY FOSTER @A1@WBWASH)
(ANA NOVAES @A1@WBWASH)

U

A L L - I N - 1 N O T E

DATE: 20-Jul-1994 04:54pm

TO: KORKA DIALLO

(KORKA DIALLO @A1@BURKNA)

FROM: Anne Doize, AF5CO

(ANNE DOIZE@A1@WBWASH)

EXT.: 34957

SUBJECT: Burkina Faso: Message pour Craig Andrews

Bonjour Korka!

J'espere que je ne te fatigue pas trop en faisant tellement souvent appel a ton aide. Encore un message, cette fois pour Craig Andrews, qui est maintenant en vadrouille en Afrique (son bureau n'a pas plus de precision, sa secretaire etant absente).

Message for Graig Andrews:

I hope thus message catches up with you in Ouaga.
I'll be arriving on July 30, perhaps before your departure.
Whitney will be there to-morow or the day after.

1. Exports (volumes, and value if possible) of
 - gold
 - zinc
 - mgper year through 1998
best estimate, low case, and high case scenario if possible, with hypotheses (incl. key conditions)
2. Capital flows (foreign investment) for the same period, best estimate, low case, high case scenarios

Sorry to bother you with this
I hope you have a very satisfactory and fruitfull mission.

Thanks

Anne

CC: Giselle Devaux
CC: Ana Novaes
CC: CRAIG ANDREWS
CC: Whitney Foster

(6=DEVAUX@7=GISELLE@IMF@EARTH
(ANA NOVAES@A1@WBWASH)
(CRAIG ANDREWS@A1@WBHQB)
(WHITNEY FOSTER@A1@WBWASH)



Ouagadougou, le 18 JUIL. 1994

N° 94 / 00126 /MICM/
SG/DGEM.

Réf. : MS/GEZ/ms.

Le Ministre

Objet : Projet d'assistance technique
au secteur minier.

A

Monsieur le Représentant Résident
de la Banque Mondiale
OUAGADOUGOU

Monsieur le Représentant Résident,

J'accuse réception de votre lettre N/Réf.: BS/94/246 du 7 juillet 1994 relative à l'objet sus-cité, et j'ai l'honneur de vous informer que nous sommes prêts pour continuer les discussions sur les termes de référence de l'étude sur la commercialisation de l'or au Burkina Faso que nous avons commencées à Washington.

Comme vous le souhaitez, nous aurons également l'occasion de nous accorder sur les autres activités à financer sur l'avance de préparation de projet (PPF), notamment la révision de la législation minière et de la réforme fiscale.

Veuillez agréer, Monsieur le Représentant Résident, l'assurance de ma haute considération.

BURKINA MISSION
Received on JUL 18 1994 1092.
Routed Washington _____
Field *BA* _____
File _____



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FACSIMILE COVER SHEET AND MESSAGE

DATE: June 30, 1994

NO. OF PAGES: 3
(including this sheet)

MESSAGE NUMBER: \

TO

Name: Messrs: Osei/Bado

Organization: \

Fax Tel. No. 226 308 649

City: Ouagadougou

Country: Burkina Faso

FROM

Name: C.B. Andrews

Dept./Div. Industry and Mining Division

Room No. \

Fax Tel. No. 202 477 6619

Dept/Div No. \

Tel. No. \

SUBJECT: Transmittal to Minister for Mines

MESSAGE:

Albert/Celestin:

Could you please transmit the attached to the Minister in charge of mines. This is as agreed in Washington and is for discussion purposes.

Many thanks.

Craig



Transmission authorized by: \



** you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

1884 (2-90)

REPUBLIQUE DU BURKINA FASO

ETUDE SUR LA COMMERCIALISATION DE L'OR

Généralités

Environ tonnes d'or sont extraites du sol par les orpailleurs artisanaux du Burkina Faso. Combinée avec la production industrielle de la mine d'or de Pourra, qui s'élève à environ tonnes par an, la production aurifère du Burkina Faso de de tonnes aurait une valeur brute sur le marché mondial de US dollars. Cela représente un revenu d'exportation de US dollars. Ces montants représentent la production déclarée officiellement; par ailleurs il faut prendre en considération une quantité substantielle d'or qui est commercialisée par le biais de réseaux non officiels et dont la valeur ne peut être facilement évaluée par le gouvernement.

Afin d'augmenter les recettes provenant des exploitations aurifères et de mieux contrôler les sorties clandestines d'or, le gouvernement a créé, en 1986, le Comptoir Burkinabè des Métaux Précieux (CBMP, Kiti No. 86-191/CNR/PRES/PRECO). Le CBMP détient le monopole sur l'achat et l'exportation de l'or au Burkina; personne d'autre que le CBMP ne peut acheter ou exporter de l'or. Le CBMP achète l'or directement aux producteurs artisanaux ainsi qu'à l'unique producteur industriel, la SOREMIB. De plus, en raison de son statut de monopole, d'autres investisseurs étrangers ont signé des accords pour utiliser les services de la CBMP pour l'exportation de l'or. Le capital social du CBMP est CFA 100,000,000, détenu dans sa totalité par le gouvernement.

Le prix payé par le CBMP aux artisans est fixé par décret et il est proportionnel au prix du marché de Londres. Le CBMP achète l'or en déduisant ses frais généraux et les commissions; de ce fait, les prix offerts aux artisans par les agents agréés du CBMP correspondent à 55% et 60.5% du prix international selon qu'il s'agit de l'or en poudre ou de l'or des alluvions. En plus du réseau d'acheteurs et d'agents de la CBMP, il existe de nombreux négociants non autorisés qui achètent et exportent clandestinement l'or.

Le Résultats financiers (non audités) du CBMP pour l'année 1992 montre un bénéfice brut de CFA 134 millions avec un endettement total de CFA 1.4 milliard. Les employés étaient au nombre de 69 en mai 1993.

D'un point de vue, le CBMP joue un rôle important en assurant aux artisans l'achat de leur production dans des conditions stables et équitables. Par ailleurs, le CBMP obtient un revenu net qui est transféré (en principe) au trésor public. D'un autre point de vue, la structure de prix imposé par le CBMP encourage la fraude, réduit le revenu brut aux artisans, et décourage l'investissement dans le secteur. Le monopole d'achat et d'exportation constitue aussi une contrainte au marché libre, à la concurrence, et aux investissements industriels.

Etant donné ces différents points de vue, le gouvernement a décidé d'entreprendre une étude sur la commercialisation de l'or au Burkina. Le but de cette étude est d'évaluer la commercialisation de l'or au Burkina, surtout en ce qui concerne les exploitations artisanales; d'examiner les avantages et inconvénients du monopole de l'état pour l'achat et l'exportation de l'or; de déterminer les coûts réels de l'intervention du CBMP dans le secteur ; et de proposer des améliorations pour la commercialisation de l'or, y compris la suppression du monopole et la restructuration éventuelle des activités du CBMP. Le gouvernement autorisera les visites sur les chantiers et l'accès aux comptes et informations nécessaires à la réalisation de cette étude.

Tâches

Les experts auront pour tâches :

- i) l'étude des circuits formels et informels de commercialisation de l'or en provenance des exploitations artisanales; ce qui exigera une recherche approfondie sur les chantiers et dans les milieux commerciaux impliqués dans ce commerce;
- ii) de comparer les prix offerts dans les réseaux formels et informels, les méthodes de calculs des prix, les différentes structures d'achat de l'or au Burkina Faso avec les pays de la sous-région (Mali, Ghana, Zimbabwe, etc.) ainsi que sur le plan international (Amérique latine);
- iii) de déterminer les effets positifs et négatifs, les coûts et les bénéfices du monopole d'achat/exportation attribué aux organes publics, y compris les effets sur l'incitation à la fraude, sur les revenus des exportations et sur les revenus fiscaux.
- iv) d'évaluer les coûts en bénéfices du monopole du CBMP sur le plan budgétaire du ministère et du trésor public, y compris le transfert au trésor des bénéfices du CBMP; comparer les activités actuelles avec les statuts, notamment en ce qui concerne les flux financiers, les créances, les dépenses, etc.;
- v) en prenant l'hypothèse d'une suppression du monopole et de la libéralisation du prix payé pour l'or, préparer les simulations (scénarios optimistes, moyennement optimistes et pessimistes) de l'impact sur la production, les exportations, les recettes fiscales, la fraude, etc.; évaluer les moyens financiers à mettre en place pour amoindrir l'impact de la suppression sur les revenus de l'état;
- vi) de préparer les bilans et comptes certifiés du CBMP pour l'année 1993 ; examiner les états financiers des années précédentes et comparer les tendances ;
- vii) évaluer les relations entre le CBMP et d'autres organes publics ou parapublics, tels que la caisse de sécurité sociale, le SOREMIB, etc.
- viii) d'évaluer le rôle joué par le CBMP sur le plan technique (encadrement, gestion des parcelles, etc) dans les chantiers artisanaux; si le CBMP n'existait pas, quelle autre entité ou quel autre organisme pourrait assumer ces responsabilités techniques;

- ix) de proposer et recommander des alternatives à la commercialisation de l'or tels que la suppression du monopole, la libéralisation des prix, le rôle du CBMP comme agence de contrôle statistique et de surveillance, l'autorisation des comptoirs privés d'achat, la restructuration et/ou liquidation du CBMP, selon les résultats de l'étude.

Résultats, Organisation et Durée

Il est estimé que l'étude nécessitera un travail de 3 hommes mois d'expertise internationale. Les experts internationaux seront assistés par des homologues Burkinabè et des enquêtes sur les chantiers seront organisées par des bureaux d'études locaux. L'étude durera 4 mois.

Un rapport préliminaire doit être soumis au gouvernement et à la Banque dans un délai de deux mois. Ce rapport préliminaire comprendra:

- les résultats préliminaires de l'étude ;
- l'analyse des scénarios et des alternatives pour la commercialisation de l'or ;
- les recommandations concernant les réformes à entreprendre.

Après une période de réflexion pendant laquelle les consultants discuteront leur rapport avec les diverses autorités, le rapport définitif devra être déposé à la fin du quatrième mois. Le rapport définitif prendra en compte les commentaires du gouvernement et de la Banque.

Personnel

Un cabinet d'audit internationalement reconnu sera recruté pour cette étude. L'équipe des spécialistes comptables sera renforcée par un expert en matière de commercialisation de l'or. Le cabinet s'associera avec un cabinet d'audit et/ou des consultants locaux. Alternativement, l'étude peut être entreprise par un cabinet de consultants spécialisés dans le secteur minier, sous réserve d'une association avec un cabinet d'audit internationalement reconnu. Les expertises internationales requises sont :

- un expert comptable/auditeur senior, de préférence expérimenté dans l'analyse du fonctionnement des entreprises étatiques et les organismes de l'Etat chargés d'achat des matières premières en Afrique;

- un expert comptable junior, expérimenté dans la comptabilité et la gestion d'entreprises étatiques;

- un expert en exploitations artisanales et un expert en commercialisation de l'or des exploitations artisanales/petites mines; les experts auront une expérience des exploitations artisanales/petites mines en Afrique et ailleurs, les réseaux formels et informels de commercialisation de l'or, la détermination du prix à payer pour les diverses qualités dans plusieurs pays et les différentes méthodes de contrôle, par les gouvernements, sur le commerce du secteur.

- les consultants locaux ayant une expérience de la commercialisation de l'or artisanal au Burkina ou ailleurs en Afrique; les enquêteurs et chercheurs dans les milieux artisanaux.

226 308 649

WB IENIM 202 4776619

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FACSIMILE COVER SHEET AND MESSAGE

DATE: June 30, 1994

NO. OF PAGES: 3
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MESSAGE NUMBER: \

TO

Name: Messrs: Osei/Bado
Organization: \Fax Tel. No. 226 308 649
City: Ouagadougou
Country: Burkina Faso

FROM

Name: C.B. Andrews
Dept./Div. Industry and Mining Division
Room No. \Fax Tel. No. 202 477 6619
Dept/Div No. \
Tel. No. \

SUBJECT: Transmittal to Minister for Mines

MESSAGE:

Albert/Celestin:

Mr. Craig Andrews
IBRD

Subject: Burkina-Faso: Report on fiscal mission

1. Introduction

In the period March 26 to April 2, 1994, I visited Ouagadougou as part of your PPF mission in the framework of the mining sector capacity building project. The main purpose of my visit was a review of the tax system with particular emphasis on the mining sector.

For this purpose, I visited the Customs and Tax Directorates, as well as the Chamber of Commerce, the Social Security Administration, the School for Fiscal Studies (ENAREF), and the University of Ouagadougou. I also had conversations with tax, mining, and accounting experts. I was received with great friendliness and openness. However, the effectiveness of my brief mission was somewhat hampered by the short working-days applying during the time of the African soccer championships, as well as the tight security around the hotel due to the state visit of the President of Sao Tomé and Príncipe.

As is often the case, particularly in the French African countries, there is a rather disturbing discrepancy between the tax system as it appears in the statute books and the actual realities. The tax law is an extremely complicated product of French tradition, whereas the resources of the tax administration, even allowing for a high level of theoretical education, are not sufficient to implement the system as it is conceived. Much use is made of practical shortcuts, exemplified by but not limited to minimum taxes and forfait methods.

What is more serious, there seems to be considerable arrears in the collection, both of taxes and social security contributions. There is, as could be expected in a country with the French tradition, no coordination of the two collecting agencies. Moreover, the financial resources are not at hand to honor the refund obligations under the VAT system. All that is offered is a credit account with Customs, an advantage of limited value to enterprises already benefitting from customs exemption on important parts of their inputs. It is noteworthy that this failure to implement the VAT makes firms interested in VAT reliefs on inputs, thus giving rise to pressures leading to unnecessary complication of the statute.

Management weaknesses also explain the lack of relevant revenue statistics. It was not possible to get up to date figures on the contribution of different taxes to the budget, nor on the number of taxpayers enrolled for the purpose of each levy. The IMF expert helping out on these matters, M. Lost, had spent close to a year in the country and felt that very little headway had been made on this count; his assignment would end in May, and there is reason to believe that his report will convey a rather dim view of the situation.

Copy to Tax

*Enrolled royalties?
AOP
Credit against income tax
Provision for rehabilitation*

April 94

Stockholm, Sweden, April 25, 1994

2. The mining investment code and the BHP agreement

My first objective was a review of the mining investment code, enacted May 23, 1993. In this regard, I may refer to the rather critical memo on the code that I gave you on March 29 (the text of the memo is attached to this report). As is shown in the memo, the code is not a perfect document, not even from a purely technical point of view. What is particularly disturbing in this context is that much of the text of the code has been verbally taken over in the concession agreement signed with BHP on February 19, 1994. As I see it, this agreement does not set an ideal pattern for future agreements of this kind.

Among the main points to discuss in the BHP agreement is the distinction made between the statute for permits and the one for concessions, the lack of clarity with respect to VAT on inputs, the customs rules, the role of the CBMP, the 15 percent participation by the government, and the relative importance of profits taxes and mining royalties. Finally, some thought might be given to the high-grading issue as well as to the question of reserves for landscape restoration after the mining operation is terminated.

a) The distinction between permits and concessions

The agreement includes the possibility of letting an operating subsidiary work under a permit rather than a concession, thus being the beneficiary of a 5 year tax holiday under the profits tax (BIC). Yet, according to the pattern of the investment code, the code provision allowing accelerated depreciation enters in the agreement with application to both permit and concession cases, opening the possibility that accelerated depreciation may be forced upon the company even during the holiday period. As noted in my memo, accelerated depreciation is a positive incentive only if combined with a profits tax. If the profits tax is waived, the enterprise will have an interest in postponing its depreciation allowances until the holiday period has expired. The fiscal interest, on the other hand, is one of a fair distribution of the profits between the holiday period and the time thereafter, implying mandatory depreciation during the holiday period, but only to the extent that represents normal wear and tear, in other words the normal depreciation provided for in the tax code.

Regrettably, the tax code is not very generous on this point. Art. 6 § 3 2°, the second last subparagraph, makes the degressive depreciation method mandatory for those enterprises that benefit from the tax holiday provisions established under Art. 4. This may be seen as clawing back some of the benefit offered through the tax holiday provision.

b) The VAT rules

A VAT exemption is stipulated for imported material and machinery during the prospecting stage, whereas for the exploitation stage the agreement (Art. 23) confirms the self-evident rule

that exports are VAT exempt, without at the same time confirming the firm's right to reimbursement of input VAT paid for the purposes of export production. The regular VAT law contains provisions for VAT credit to be taken against output VAT (or refundable in the case of exports) even with respect to inputs acquired before the production stage--a certain reduction is foreseen in this respect if the inputs concern depreciable assets (Code des impôts Art. 239). Since nothing is said in the agreement about this or about guarantees for VAT reimbursement, there is some fear that in actual interpretation, the mining enterprises will be left with an exemption on their exports but with no effective reimbursement of input taxes.

Obviously, any clarification in this respect will be of limited value only, as long as the VAT refund system is not working in a satisfactory manner. Something is said about that in section 3 h) below.

c) The customs exemptions

On the customs side, one must note the lack of precision as to which type of temporary admission will apply at the prospecting stage, and what the customs procedure will be at the sale or cession of goods imported under the customs exemption established at the exploitation stage. A particular problem arises with respect to private cars imported by expatriate staff. According to the agreement (Art. 17.2), one car per household is permitted under temporary admission. The common rule for temporary admission is that full duty (based on the value for duty at the time of original importation) is levied, if the goods are not reexported within the time allowed for the temporary admission. With respect to private cars, however, there is not very much point in requiring wrecked or heavily used cars to be reexported. Rather, some provision should be made for how customs will apply at the sale or wrecking of cars imported under temporary admission, based on a reasonable write-down of the original value, with full exemption, say, after 5 years.¹ Of course, there may already exist provisions of this kind, included in the customs regulations, but not in the BHP agreement.

d) The role of the CBMP

The agreement (Art. 38 and Annexe F) foresees a remaining role of the CBMP, thus opening the door for some potential revenue leakage. There are also less than transparent stipulations on how the metal royalty will be computed. As a general observation, it seems somewhat odd that the government will insist on CBMP to take on the limited task of taking over the gold

¹ Some African countries have tried an alternative rule, under which cars not reexported have to be tendered to government that will pay an estimated (low) price for them. This is not a very practical procedure.

at the point of extraction, transporting it to Ouagadougou and handing it over to the foreign refinery or other recipient designated by BHP minerals. All this will be paid for by an amount corresponding to what it would have cost the corporation to render the same services, with a 4 percent addition for overhead costs.

It goes without saying that government has the right to exercise such control over the production of the corporation as is needed to ensure fulfillment of the agreement, including such tax and royalty payments as are derived from the corporation's production, turnover, and net profit. Such control, however, need not be effectuated by a government corporation's entering the production and distribution chain. Moreover, whereas it is difficult to envisage the corporation accepting to pay the actual costs to CBMP, it would seem rather impractical for CBMP to be paid on the basis of a theoretical cost figure, on which neither side will be able to produce full evidence.

It is not clear whether CBMP expects to make a profit on this operation or not. The wording of the agreement gives no indication in that direction, nor does it exclude that CBMP will register a loss on its part of the operation. The latter does not seem to be in government's interest. If the former is expected to happen, the mandatory use of CBMP's services might be interpreted as another burden on the operation.

The recommendation has been made, in particular in view of the high incidence of smuggling of the production of artisan mining, that the monopoly position of the CBMP be abolished, or even that the CBMP be liquidated. A general observation in this regard is that taxation by exercising monopoly power is often an unfair and uneconomical method of taxation. The reason is that the effective rate of tax is difficult to discern, and that, e.g. by inducing smuggling, excessive monopoly profits (or rather "taxes") may cause more losses of producer and consumer surplus than would be necessary to collect a corresponding amount as a pure tax.

e) The government participation

The present concession agreement is based on the production being subject to tax both in the form of the metal royalty and in the form of corporate income tax (BIC) and withholding tax on dividends (IRVM). In addition, government is taking up without compensation a 15 percent participation that will also extend to future increases of capital. Obviously, this kind of arrangement is not new, and there are indeed some arguments in its favor. One is that the government share is a kind of payment for the preparatory work done under government aegis to survey the area etc. Another is the argument that by taking up a share, government will get some part of the profits, if the venture is successful, while not getting anything--albeit not sharing in the loss, either--if the venture turns sour. Third, the argument is sometimes heard that foreign-owned ventures enjoy more understanding for their needs and better treat-

ment by the host government, if that government, by taking up a participation, gets a material interest in the well-being of the enterprise.

While these arguments may to some extent be valid, it is obvious that the government participation in fact implies nothing more than a mandatory payment to government related to dividends paid, including liquidation dividends, if any. If ordinary taxes are profit-related--and both the profit tax and the IRVM are of course so--Government has already through these taxes availed itself of a considerable part of the profits. Accordingly, government will have an interest in profits being substantial, fulfilling both the expectations of the investors and of government itself.

If, however, there are doubts as to whether the correct profit of the venture will be duly shown on the books and whether the correct taxes will, accordingly, be paid, the same doubts will reasonably apply to the expectations of government as a shareholder to receive dividends in accordance with the real profit of the enterprise.

The concession agreement contains certain clauses related to this issue. A limit (2 percentage points above LIBOR) is stipulated for the interest rate charged on credits offered by the parent corporation to the subsidiaries in Burkina Faso. There are limits set to the overhead costs incurred by headquarters that may be charged to the subsidiaries. The ordinary tax law provides, as do virtually all such laws, for adjustment, if transfer prices used between related enterprises deviate from arm's length prices. Yet, experience has shown that if the motivation is strong enough, there are ways around this type of provisions. The opportunities of checking transfer prices for a small country administration are usually inadequate. It is difficult even to establish that a price paid is not at arm's length, notably if the deal has been made with a firm, about which the authorities might not have a chance to know that it is affiliated.

By increasing its stake in potentially high profits to be shown in the future, Government increases the motivation for the investors to circumvent the tax and sidestep Government's desire for a high dividend yield on its participation.

f) The relative role of royalties and profits tax

A strong argument can be made for a different approach, allowing Government an easily controlled basic royalty, related to the metal price and the production volume, while allowing the investor a relatively large share of the profit shown on the company's books. This could be done by a somewhat progressive royalty on the metal production, combined with a modest income

and dividend tax, against which the royalty payments might be credited.²

The advantages of such a system would be the following: 1) Government, needing a stable revenue and lacking the economic strength to enter a considerable risk, would receive some revenue as long as the mine would produce and metal be sold. 2) The complicated task of auditing the corporate books, establishing the correct profit, would be less essential for the purpose of establishing the government share in the profit of the operation, since the royalty would offer the main revenue expected from the normal operation. 3) The investor, if showing a profit large enough for the profit tax to exceed the royalty amount, would face a reasonably low tax, and would not have to share dividends with the government more than dictated by the (presumably modest) IRVM. He would therefore have less of a motive than now to minimize the profits shown in Burkina Faso.³ 4) If the metal price would rise beyond one or more thresholds, there would be provision for a higher royalty rate. Again, this would relate the government revenue increase to the numbers most easily controlled.

g) The high-grading problem

Government has, however, two more interests in the operation. One is the prevention of tax-induced high-grading, in other words, the tendency of the mine operator to bypass less rich parts of the mine in favor of making a better profit by taking out only the richest ore or the ore least costly to mine. The economics of the matter is clear: if the cost of mining the ore exceeds the value of the product, the ore is worthless and should be left in the ground, possibly awaiting another time with higher prices and/or lower mining costs. If, however, the relation between the cost of the mining operation and the producer price is changed as a result of taxation, there is a risk that ore is left in the ground not because it is worthless but because taxation makes it unprofitable to mine it. This is not a desirable situation.

² As a matter of practical adaptation to US foreign tax credit rules, the credit operation would technically go the opposite way, the profit tax always being assessed and the profit tax payments credit against the guaranteed royalty. The end result would, however, not be different. (Cf. Section 4 of the attached memo.)

³ In this context, it is worth pointing out that Burkina Faso has kept its BIC rate considerably higher than the corresponding rates in several neighbor countries, e.g. Senegal. By this policy, the country has put itself in a more difficult position with respect to the circumvention of the tax code by transfer pricing than it would have been in, if its tax rate had been as low or lower than the tax rates in competing countries. (Alternatively, one might, of course, argue that by reducing their rates, these neighbor countries have improved their competitive position vis-à-vis Burkina Faso.)

Tax-induced high-grading might come about, if the tax is levied on the gross output, whereas the mining costs, in the absence of a net profit tax system, are not effectively reduced by being tax deductible. This distorts the relation between the net potential revenue of the product and the costs, net of tax, of mining it. A progressive royalty may be seen as adding to the problem, in as much as any stimulus to using low-grade ores offered by rising prices will be reduced by the effect of the progressive royalty rate.⁴ On the other hand, it is often argued that in a situation of falling prices, high-grading might be avoided by setting a threshold price, under which no royalty is charged.

g) Reserves for landscaping

The other point is the financing of restoration measures after the mining operation is over. Here, the obvious solution seems to be the setting off of mandatory reserves to ensure that sufficient reserves are at hand for the mining company to fulfill its duties to the environment and leave a safe and attractive area behind rather than hazardous shafts, dilapidating structures, and a destroyed landscape.

The problem here is that setting off money for the restoration as a reserve during the period of operation, if it is done as book reserve, gives no guarantee for the necessary funds to be at disposal at the time the mining period is over. Certainly, a reserve of this kind, if properly accounted for, will reduce the opportunities for paying dividends. It will, however, not offer any guarantees against the erosion of the corporate assets, something that quite often tends to occur towards the end of a mining operation.

It is conceivable, particularly as a condition for setting off a tax free restoration reserve, that the funds are placed in an earmarked and blocked account with the central bank, from where it can only be taken out to cover restoration costs, until the restoration work is certified to have been successfully completed. It is possible, however, that inflation will erode such a reserve. Moreover, it might be a hardship on the mining enterprise to have to keep the money at no or low interest, while at the same time being dependent on more expensive credits to finance the current operation.

⁴ In contrast, however, there may be a somewhat perverse tendency to high-grading, sometimes observed when metal prices are particularly high. In such a situation, it might be regarded as rational to use high-grading to increase production, maximizing the production to make the best possible use of the high price, and coming back to lower-grade ores at a time when there is less of a motive to increase production. In that situation, the progressive royalty might have a dampening effect that will counter the temptation to high-grading.

It might be argued that given the potentially precarious situation of the mining corporation at the time the useful life of the mine is over, it would be a safer solution to let government take the responsibility for restoration. Part of the mining royalty could be earmarked for this purpose. It is conceivable, however, that the set-aside of funds for this purpose might be subordinated to more urgent government needs, leaving no funds for restoration once the time has come.

Obviously, none of the solutions outlined above is perfect. In actual practice, it would seem rational to trust the mining corporations to be in the best position to do the job. In agreements, guarantees should be sought, either by special funds or by bank guarantees, for the upkeep of the financial resources necessary to fulfill the obligation to restore the landscape.

3. Tax reform issues

a) General remarks

Coming back to the general issue of tax reform, it is never easy to motivate a country to take outside advice on a matter as close to the sovereignty issue as taxes. Burkina Faso has no record of particular openness in this regard, and it would prima facie seem a more promising perspective to draw on local expertise to turn developments.

In this respect, it seems particularly important to establish a close relationship with the ENAREF senior staff, and also to seek contact with the Dean of the Law School at the University of Ouagadougou, Professor Filiga Michel Sawadogo.

It is a rather general experience from technical assistance work in the fiscal field that wholehearted efforts to make new rules work can be expected only from those local administrators and politicians, who have themselves absorbed the ideas of the outside experts to a point where they identify them as their own. On the other hand, those who feel that they and their experience have not been drawn upon in the reform operation, may turn alienated. Yet, they might still have in their power to sabotage the system, if not directly so, so at least by implanting the attitude that what the foreign experts have brought is not sufficiently adjusted to the local conditions.

I bring this point here, not because it is new or original--it certainly is not--but because my impression from the interviews I had in Burkina Faso is that tax reform work is prepared in rather closed circles. The need for rethinking and modernization might be seen more clearly by some of the experts just mentioned than by some people in government positions. The impact of foreign experts might correspondingly increase, if they establish a productive contact with the former. Needless to say, this has to be done without compromising their obligations vis-à-vis the government to observe secrecy rules.

Establishing good contacts with ENAREF and the University is important, also in view of the need for quality improvement in the tax administration. I was told that until a few years ago, DGI issued documentation each year containing all legislative changes from the preceding year. This service had been terminated. Meanwhile, according to the information received, questions put in writing to the DGI on issues, where the tax law was not sufficiently clear, went without an answer.

While much of the tax legislation shows a remarkable degree of sophistication, it is, nevertheless, difficult to escape the impression that the country's tax system needs refurbishing, and this mainly in two respects. One is establishing a more realistic relationship between the text of the tax laws and the realities facing taxpayers and tax administrators. Another is the concentration of the administrative effort on those levies and taxpayers promising the most significant results. In this respect, some progress is about to be made in the DGI, in the form of the establishment of a special unit dealing with the most important taxpayers, an initiative strongly supported by the IMF.

Moreover, some efforts have been made to abolish certain levies of minor importance. A good deal more should be done here. The cumbersome and excessive use of stamp duties, e.g., represents an old tradition never well adapted to the needs of a country such as Burkina Faso. Still, these duties occupy more time than income taxes on the lecture schedule of the ENAREF.

b) Operational statistics

It was noticeable that the revenue authorities did not have statistics at hand to provide information on fundamental data such as the revenue contribution of different levies, number of taxpayers in different categories, percentage of taxpayers audited, and the like. It was a point of frustration to the UNDP/IMF expert attached to the DGI, M. Lost, that so little had been achieved in this respect. I could not establish whether the disappointing development in this area should be ascribed to excessive secrecy, to the need for cover-up of weaknesses, or to lack of understanding for the operational importance of such statistics.

c) Taxpayer identification numbers

An effort to introduce a taxpayer identification number (TIN) had been initiated, in part as a means of facilitating contacts between customs and DGI. The importance of customs information to identify traders and estimate their probable turnover is certainly great, and given the computerization of the customs procedure now in progress, the use of identical identification numbers for importers and taxpayers should facilitate cross-information. (I can, of course, say very little about customs, but it is evident that smuggling is a problem to any country with such a vast land-border, in particular to Togo and Benin. Moreover, the need to seal and/or escort incoming trucks to submit

them to customs control in central locations, raises important control problems.)

I was not able in the short time to find out how far, exactly, the taxpayer numbering project had advanced. What I did find, however, was that there was little if any established collaboration between the social security service and the revenue authorities. Since a social security number, unchangeable in a person's lifetime, does exist, covering approximately 16 percent of the population, the absence of a common numbering system for individuals for both tax and social security purposes needs a good deal of explanation. So does the fact that there is allegedly no compatibility between the data processing systems used by the two authorities.

As to the use of the TIN for tax purposes, there was understanding for the priority need of establishing a taxpayer master file with a search facility based on the TIN. With the multitude of taxes applying in Burkina Faso, the need for a coordinated master file is particularly great. Moreover, such a file is indispensable for a tax clearance certificate (attestation de situation fiscale, Art. 401 C.G.I.) to be efficiently and correctly issued. Whereas these certificates seem to be excessively used under present rules (cf. under f below), it would probably be difficult to convince the authorities that they should not be made use of at all.

d) The function of the patente

Burkina Faso imposes a French style patente, differentiated in classes according to location and line of business, but also including variable elements. These are primarily annual rent or rental value of the premises, but in certain cases also number of employees or physical capacity or output. Lacking revenue statistics, it is difficult to establish how effective this levy is as a revenue-raiser. Experience in other countries has shown that the graduated element of the patente has rather small importance, whereas using the tax as a means of facilitating taxpayer identification might well be a rational element of the tax system. In other words, by requiring that taxpayers pay their patente and keep the evidence thereof clearly visible in their shops, taxicabs, etc.--provided some reasonable amount of control is exercised over the compliance with the rule--the tax authority will be provided with a listing of potential taxpayers to other taxes, in particular, of course, the profits tax (BIC).

In contrast, the use of employment figures to establish the class of taxpayer is, in principle, against the best interests of a country where unemployment poses a great problem. The assessment of rental value, production capacity, etc. will, if done with some degree of exactitude, require too much administrative effort to be worth it. A simplification of the patente with a view to concentrate its use to the taxpayer identification function should be considered. Any revenue loss might be made up for by a strengthening of the forfait system as well as of the minimum tax (IMFPIC).

e) Audit

Needless to say, the mission did not allow a sufficiently thorough study to establish a firm opinion on the situation in all respects. One impression, however, was that there was a clear distinction between the taxpayers in the formal sector, assessed on the basis of their actual income, and presenting proper accounts, and those taxpayers who might pay their patente and some profits tax à forfait, but who, with regard to auditing, choose to make a deal with the tax officer. It is, of course, important to enforce the rules so as to prevent this from happening.

Moreover, the difficulties of tax auditing are increased by significant discrepancies between the tax rates in neighbor countries and in Burkina Faso. In principle, a country is in a better situation, if its tax rates are such that internationally active taxpayers prefer to show their profits in that country rather than in neighbor countries. Burkina Faso is under some pressure in this respect, the tax rate in Senegal, for instance, being much lower. It is unlikely that the tax audit operation, even if specifically directed towards transfer pricing and other methods to move taxable profits abroad, could be as efficient in Burkina Faso as to make up for this pressure.

One way of diminishing the relative importance of the audit procedure is the use of minimum tax provisions. The matter has been discussed with respect to mining under 2 f) above. It has a broader bearing, however, taking into regard the minimum tax, *Impôt minimum forfaitaire sur les professions industrielles et commerciales* (IMFPIC) provided for under Art. 111-119 of the code. The tax is based on turnover, and the rate is 0.5 percent. This is not a high rate, compared to what is usual. There are exemptions for all those under forfait, as well as those tax exempt under Art. 4, including enterprises enjoying the normal five year tax holiday.

It should be noted, however, that both the minimum tax provision and the conditions stipulated for the forfait are related to turnover, and that the correct turnover figure will usually be difficult to control without some form of audit. Moreover, the transfer pricing issue will, in all those cases where a taxpayer sells to related enterprises or persons, be important to the turnover estimate, although, of course, less so in relative terms than to the net profit figure.

Finally, reference should be made to the fact that Art. 116, establishing a credit of the minimum tax paid against the net profit tax assessed under the BIC provisions, does not ensure the creditability of the IMFPIC against US income tax (cf. footnote 2 under 2 f) above).

f) The use of tax clearance certificates

As mentioned under c), the use of tax clearance certificates (*attestations fiscales*) is unusually extensive. Under

Art. 401 2° Code des Impôts, they are not only required for supplies to and contracts with the government, for professional imports, and for licensing (agrément) as purchaser of raw materials as well as other forms of licensing. Tax clearance certificates must also be required by manufacturers, importers, and traders for each purchase by their clients, to the extent these are wholesalers or semi-wholesalers. Banks have to require them from all professionals seeking their assistance. The penalties for violating these rules are high: CFAF 200,000 for the first offence and 500,000 for all following ones.

It is easy to understand that these rules are understood as cumbersome. The issuance of a certificate requires four signatures as well as a small fee of CFAF 500. Lacking a central computerized taxpayer master file, the issuance, if based on a proper check, must require presentation of full documentation by the taxpayer, alternatively an extensive search in different files by already overburdened tax officials. The third possibility is for the certificate to be issued without the necessary evidence. In these cases, the whole certificate has no practical meaning, yet, indications are that these occurrences might not be uncommon.

The use of certificates of this kind should be restricted to the dealings with government (public contracts, licensing) now prescribed. A bank will in all likelihood for its own protection find out whether a client is burdened by overdue tax debts, before supporting him with credits. And as to wholesalers and semi-wholesalers, they are probably too many to allow the law to be properly observed without clogging the system.

Instead, the work to set up and bring to use a taxpayer master file should be accelerated. With such a file, the tax authorities will be able to continuously pursue non-payers and stop-filers. Identifying those who fall into these categories will be much more general and rapid than under a system, where one has to wait until a transaction comes up requiring a tax certificate, before an alarm signal might register with the tax authority.

g) Collection

It is gratifying that collection has now in most cases been moved from the Treasury to the DGI (of course with a functional differentiation in staffing, different officers being entrusted with assessment and collection, respectively). It is less encouraging to notice that the country has two parallel collection agencies, the Social Security (CNSS) and the DGI. Whereas there is some effort, on an experimental basis, to establish collaboration between the Social Security Administration (CNSS) and the DGI on taxpayer identification, the answer with respect to collection was again quite negative. The money collected for social security purposes is seen as earmarked for these, and it would not be acceptable to collect taxes and social security contributions in a common pool with some other authority

deciding how much of the collections would go to one purpose or the other.

There is an assumption that people would be happier paying social security contributions than taxes. This assumption is not necessarily true, but at least quite commonly made elsewhere. In Burkina Faso, however, the mission was told that the situation was quite the opposite. It was maintained that the tax authorities used harsh methods to enforce collection, including the closing down of businesses, whereas the social security office had much less power and for that reason met with much less readiness to pay. Arrears had built up to the tune of CFAF 1 billion, or as much as is paid out in social security benefits each year.

It is somewhat difficult, given this startling figure, to understand the reluctance of the CNSS to accept a coordinated collection service. The issue is not easier to understand in view of the impression, gained at the DGI, that even on the part of that authority, tax arrears are seen as an extremely troublesome problem. A study of a possible coordination effort is recommended, but given the ingrained philosophical difficulties many Burkinabè have with a coordinated system, one should not be too optimistic about its introduction in the near future.

h) VAT refunds

As mentioned above (section 2 b), complaints are widely heard about the unsatisfactory working of the VAT refund system. The rollover of VAT refund claims to the next period was the rule, and even those who, as exporters, consistently filed negative tax returns, were, as was told to the mission, more often than not just given a credit against future customs payments.

In this regard, it is only too easy just to insist on prompt refunds, particularly to exporters. Experience, even from industrial countries with well developed tax administrations, does, however, indicate that VAT fraud is most important just in this area. It is therefore understandable when tax administrations in countries like Burkina Faso tend to raise obstacles to VAT refunds, thus making this kind of tax fraud virtually impossible, but regrettably at the expense of those regularly exporting VAT-payers whose activities are particularly important to the country.

The remedy here is a two-pronged approach, including on the one hand a prompt refund to those regular exporters, whose VAT situation is well established, on the other hand a reasonably quick refund to those, who claim a refund in connection with exports without having a record with the tax authority as regular exporters. Those in the latter category should, however, be checked before obtaining their refunds, the VAT registration numbers of suppliers and the customs declaration details with respect to imported inputs being cross-checked with the VAT returns of the suppliers and with the Customs reports. Even regular exporters should, of course, be audited from time to time. With

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respect to VAT refund claims not related to exports but to unusually large inputs, the refund claim should, as now, be carried forward to the next VAT return and the following ones until it has been consumed by output tax.

i) Tax incentives

In the Annex, the provisions of the Mining Investment Code are discussed, and a few words are said about the reasons why such provisions are still in existence in most developing countries. These points of view are relevant also with respect to the incentives offered under the general provisions in the Code des impôts, notably in Art. 4 7°, where a five year tax holiday is offered to new plants. The conditions are simple, just regular accounts and a special declaration addressed to the Director General of Taxes. Similar provisions apply under Art. 4 8° to mining enterprises as well, although, as indicated, they are supplemented by a special act. Under Art. 4 7°, even expansion investments entitle the enterprise to a tax holiday.

The provision for a tax holiday in itself cannot be regarded as excessively generous. It is, however, not quite usual to use such a rule without any eligibility criteria other than a declaration. There is a certain danger that competition will be distorted, and there is always a particular problem involved in deciding what is an expansion investment as against a refurbishing of an existing plant. What can be achieved by a five year holiday might, moreover, in many cases equally well be achieved just by a sufficiently long period of loss carry over.

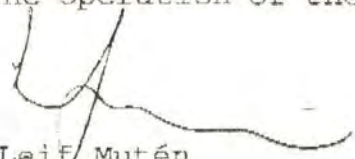
The use of a tax holiday for expansion investments is easy to defend; why should those already established in the country be discriminated, when newcomers may get a tax holiday. Yet, with such a provision, it will be comparatively easy for an enterprise to prolong its original tax holiday by arranging the books so as to allocate much of the profits to the extension. The rule against this, requiring that the accounts show the exact results of the new investment, is to tall an order to the audit to be satisfactorily filled.

4. Objectives of future work

The above should give a reasonably clear picture of areas in which the need might be felt for continued technical assistance. As far as I can judge, notably without having had an opportunity of discussing the matter with the Minister, Burkina Faso should be well served by a middle-term expert, who could help implementing a continued reform program aiming at streamlining the system and effectivating its administration. Such an expert could convey to the authorities experiences gained in other countries and could also possibly be used to strengthen the ENAREF faculty.

It would probably be necessary to arrange for a mission, possibly a joint Fund/Bank mission, establishing in more detail than was possible here the specific details of the reform

program and the priorities to be attached to its different parts. In preparation for such a mission, one fundamental task would be to establish proper statistics covering the operation of the revenue authorities.



Leif Mutén

Attachment

Annex
Ouagadougou, March 29, 1994

Burkina Faso--Mining Investment Code

Under the Presidential Decree No 93-186 the Law No 014/93/ADP of May 19, 1993, was promulgated, containing a "Code des Investissements Miniers". It is understood that this enactment took place without consultations with the Bank, implying that this mission is free to comment on its provisions in the general context of its study of the tax system with special reference to mining.

1. General remarks

As a general issue, one might first of all ask, whether the Code is at all needed. The general tendency in the world goes toward tax systems that in themselves are sufficiently reasonable not to be an obstacle to international investment. Special reliefs for new investors are seen as having a number of negative features. They may imply that potential revenue is forgone, i.e. when the investment would have taken place even without the reliefs stipulated. They may foster corruption, when their application depends on discretionary decisions. They may distort competition when offered to newcomers while the established investors have to pay the full load. They require control against abuses, while at the same time establishing a situation where in practice tax returns are rarely filed by those enjoying tax holidays, and the tax office loses track of the nonfilers.

Still, investment codes are in existence virtually everywhere in developing countries. They may be fulfilling a purpose, even outside the area of special tax incentives, establishing policies of non-discrimination, of rights to repatriation of profits, of access to the national market, etc. If a country is just establishing an open-door policy, perhaps after a period of economic isolation, an investment code might well have a positive announcement effect vis-à-vis the foreign business community. Hence, the idea of a mining investment code for Burkina Faso should not be rejected off hand.

The first seven articles of the new mining investment code fall into this category. In that respect, they should be seen as non-controversial. In two respects, however, the provisions of the code seem too restrictive to fulfill their purpose. Art. 6 in fine establishes the free circulation in the interior of finished products and semi-fabricates, something that gives very little comfort to a prospective exporter. Also, Art. 7 tells that investors and workers in Burkinabè mining enterprises are free to transfer their earnings in the currency their investment was made in (the salary-earners are forgotten in this part), but only "sous réserve de la réglementation en matière de change", which in other words means no guarantee at all. It would be better not to mention the matter, if the rules have to be restricted in this fashion.

Art. 5 is somewhat similar, establishing that alien employers and workers are personally subject to taxes in accordance with the law prevailing in Burkina Faso. Present tax laws should not present a main obstacle in this respect. If government would turn to a different policy, however, pushing a redistributive tax policy, the cost of hiring expatriate staff, whose net salaries would in practice be negotiated in terms of salary net of local taxes, might quickly turn excessive. Some guarantee in this respect might be welcome, and if no guarantee is offered, mentioning the matter will serve no positive purpose.

2. Customs incentives offered

The code takes as its point of departure the two-tier system established in the mining code, with prospecting and research coming first, exploitation rights second, and, as an alternative to exploitation rights, the offering of a mining concession. This system should be simplified. It is not conducive to prospecting activities that a second round of permits is needed before the successful prospector can start making use of his discoveries, exploiting them by mining. It is, moreover, doubtful whether the distinction between convention and exploitation rights is useful. As long as the benefits are more generous in the case of a convention, investors will normally insist on one.

The customs privilege offered under Art. 9, at the prospecting stage, refers to temporary admission of material and equipment, as well as customs exemption for spare parts as well as materials, fuel, and lubricants. Under Art. 11, referring to the exploitation stage, there is no temporary admission any more but a complete customs exemption. Interestingly, Art. 9 provides explicitly for customs to be due if goods imported under temporary admission are the subject of "cession" or sold, whereas no similar provision is found under Art. 11. Yet, one would have expected that provision to be more needed in the case of customs exemption under Art. 11 than in the case of temporary admission under Art. 9, since by its very nature, the temporary admission is combined with provisions for customs to be due if the goods are not reexported. This fact, in turn, makes it doubtful whether temporary admission is a satisfactory solution in all prospecting cases.

The definition of professional material used for prospecting, and the somewhat more detailed description in Art. 11, leave room for different interpretations of what is professional equipment. Whereas under Art. 11 an explicit exception is made for automobiles, as well as for office material and furniture, a similar exception is not made in Art. 9, and Art. 9 seems not to exclude air conditioners which Art. 11 does. Experience has shown that an in blanco exemption is often abused as a cover-up for all kinds of personal imports. Some countries require itemized lists of intended imports, but the cost in time to prepare them as well as the control of the containers when they arrive in the country is certainly a strong discouragement.

The exemption for building materials is somewhat surprising, given the availability in the country at least of locally produced cement, possibly of some other materials as well. What is an encouragement to one investor might end up as a denial of intended protection for another. The legislator has to strike a fair balance between both, possibly by setting up a requirement that local products should be competitive in price and quality for exemption to be denied.

The definition of fuel used for energy production for the mine and of specific lubricants is not very easily controlled. Again, the issue is rather whether it would be more of an encouragement to industrial development to keep fuel taxation at a generally reasonable level, rather than making exemptions just for mining enterprises.

The customs exemption is limited to the first investment, including accompanying spare parts. These are not defined, and there is an interesting situation of choice for the investor, whether to overinvest in exempt spare parts or go for a smaller investment at the risk of having to pay duties on spare parts delivered later. Art. 11 in fine offers a possible escape route: the need for spare parts may often occur as a result of "technical incidents", and these, in turn, open the door to customs exemption. So does an extension of the plant, again a technical concept less easily defined in practice than in theory.

Art. 12 establishes that the customs exemptions offered exclude fees for services rendered. It is unclear whether this applies to the "droit de statistique", although an affirmative answer to the question was given by a senior customs official interviewed. It is obvious that there is no protection offered against excessive use of the fee concept.

3. Other tax incentives

With respect to exemptions from other levies than customs, there is obviously little need for them in the case of prospectors. Only the minimum tax (MFPIC) and the payroll tax (TPA) need to be mentioned, as they duly are in Art. 10. One might add that it is not quite clear whether an already existing enterprise wishing to prospect will be better off entering the project in the name of a new company entitled to the benefits under this code, or whether it might prefer using the profits from its ongoing mining operation to cover deductible costs of prospecting in a new area. Some countries have "ring-fencing" rules to prevent this, since an unlimited right to deduct losses incurred in new ventures from profits in established ones might well jeopardize the revenue result.

The tax reliefs at the production stage are more elaborate than those for prospectors (Art. 13 - 18). Of these, the first article refers to a holder of a "permis d'exploitation" and the second to a "concessionnaire minier", whereas Art. 15 - 18 seem to refer to both categories. The concessionnaires are in principle subject to more favorable treatment. They enjoy a 13

year tax holiday with respect to minimum tax (IMFPIC), patente, payroll tax (TPA), and mainmorte (TBM), whereas those with just an exploitation permit enjoy the same benefit for only 7 years.

Likewise, the concession holders are entitled to a 50 percent reduction of the dividend withholding tax (IRVM) for a 12 year period, whereas those with an exploitation permit will enjoy that reduction for only 5 years.

Nevertheless, the permit holders enjoy a 25 percent reduction of the IRVM for an unlimited time after the 50 percent reduction has expired, whereas the concession holders, once their 12 year period is over, will have to pay full IRVM on the dividends they pay. It is difficult to see a rationale for this discrepancy. Basically, the rule is somewhat less objectionable with respect to the permit holders, in as much as the abrupt doubling of the IRVM after the expiration of the holiday period will constitute a strong incentive to distribute as much as possible before that happens. Still, both provisions imply such an incentive, whereas it should normally be in the interest of the country that foreign investors retain their profits rather than repatriating them. A sounder alternative might therefore be a reduction of the IRVM to an internationally more normal level, at most 15 percent as against the present 25 percent, while at the same time abolishing the initial exemptions now stipulated in Art. 13 and 14.

Moreover, the permit holders enjoy a 5 year exemption from profits tax (BIC), a privilege that is not extended to the concession holders. It is difficult to see the reason why the latter are not given the same privilege, particularly since in general they seem to have been offered more favorable rules in other respects.

The five year tax holiday from the BIC is in itself not excessive, but the period is shorter than stipulated for the IMFPIC, patente, TPA, and TBM. It seems a bit odd that the obligation to pay BIC for the first two years after the expiration of the holiday will not be accompanied by the minimum tax provisions, although it might be expected that those enterprises which are not able to get a concession will be of the small business type that in particular need a minimum tax provision, given the status of their tax accounting.

Another oddity is that the investment code refers to the VAT exemption for exports (Art. 16), a provision that constitutes a basic element in the construction of the VAT and in so far would have no place in a listing of incentives.

Likewise, Art. 17 refers to the accelerated depreciation provided for in the tax code. Again, this is not an incentive limited to those benefitting from the mining investment code, but rather a provision of the general tax law. In fact, rather than mentioning accelerated depreciation, it might have been useful to point out that the enterprises benefitting from a tax holiday as far as BIC is concerned do not have to apply the

rules on accelerated depreciation but should, on the other hand, not be entitled to a postponement of their linear depreciation until their holiday elapses.

Art. 15 establishes a rather stingy rule under which the stamp duty on the foundation of the corporation and the expansion of its capital may be paid in five yearly installments. The international trend goes against this type of stamp duty and it will soon be difficult for a country to exceed the 1 percent duty now established in the European Union.

The code makes no particular provision for the carry forward of losses. The general tax code establishes such a carry forward, but for four years only, a relatively restricted rule in a world where many countries apply no limitation at all and others set their limit mainly with regard to the time the books are still being kept, a time that is often longer than the four years applicable in Burkina Faso. A generous rule on carry forward of losses may, in fact, if combined with a likewise generous rule on accelerated depreciation, de facto result in the same tax holiday or an even longer one than the tax holiday offered by an investment code of the kind we are dealing with here.

4. Minimum taxes

With respect to the minimum taxes, it is worth considering whether, in the case of mining companies, the metal royalty provided for under Art. 11 of the decree 93-253/PRES/PM/MFP/MICH/MDM of August 2, 1993, could be applied as such a minimum tax, then possibly at a somewhat higher level than the one now stipulated (3 percent of the FOB value for gold, 4 percent for base metals, and 7 percent for diamonds), and rationalized both with respect to the computation of the base and with respect to the authority charged with collection. In other African countries, this solution has been used both with the purpose of stabilizing government revenue and in recognition of the fact that it is very difficult to arrive at a totally satisfactory assessment of the profits of mining companies.

What is involved in the case of the tax base for ore is establishing the correct quantity and description of what is produced, and the actual market price at the time of delivery. Both issues are clearly technical and can be solved, drawing from objective third-party sources. The profit computation, on the other hand, is normally characterized by a considerable amount of non-arm's length trading, necessitating a judgment on the accuracy of transfer prices applied between related firms. Moreover, the present tax code has only scanty references to issues such as depletion allowances, stock valuation, and reserves, in particular for restoring land after the termination of the mining activity. In comparison, the task of making an assessment of the net profit of the mining operation is by far more complicated.

It should, therefore, be seriously considered whether the assessment to BIC should not be allowed to take a secondary place after the establishment of a minimum tax, based on actual production.

If that path is chosen, it would be appropriate to reconsider the present relationship between the minimum tax and the profit tax. The reason is the following. At present, the minimum tax is always payable, but in as much as there is an assessment of profit tax, the minimum tax is credited against the profit tax, so that profit tax is payable only in the amount by which the profit tax exceeds the minimum tax. This arrangement is admittedly quite practical, but it has one drawback, namely, with respect to the use of the tax as a credit against income or profit tax charged in the investor's country of domicile. If that country is the United States, only the profit tax can be credited, not the minimum tax. It is therefore a material difference between an arrangement, under which profit tax will always be paid but credited against minimum tax, and the present rule under which minimum tax will always be paid but credited against profit tax. Obviously, the distinction is purely theoretical, but it has more than academic implications to the extent the investor is subject to the U.S. rules on foreign tax credit.

5. Other issues

The special provisions under Art. 19 are in most respects quite normal. Regular accounts kept in the country are a perfectly legitimate requirement, and so is respecting the country's environmental and health laws and providing the authorities insight in the books. The only point where a question-mark may be placed is the provision requiring the enterprises to give priority to nationals in hiring, and to organize professional training at all company levels. The question-mark obviously does not refer to the desirability of these activities. Obviously, it is in the interest both of the country and of the foreign investors to build a national staff, and this already for the simple reason that expatriates normally are much more expensive to hire than nationals.

The problem is, however, that it is extremely difficult to establish what is implied in giving priority to nationals when hiring. Priority might consist in choosing the local candidate among two candidates with perfectly equal merits. That kind of priority is obviously refused the nationals only by employers, whose prejudice takes the upper hand over their economic judgment. Or it can be defined as choosing a local candidate who is just barely competent in favor of an expatriate with excellent merits. The latter interpretation is not excluded by the text of the mining investment code. Yet, any mining company will know, by own experience or that of others, how utterly important the technical competence can be, not only for the economic result of the mining activity but also for the personal safety of the mining workers. It would not be a satisfactory situation, if the authorities were given the sanction power established in the

third paragraph of Art. 19 and could potentially use it to force companies into a prioritization of the second kind.

6. Conclusion

The new mining investment code is not in its present form a useful element in the mining policy of Burkina Faso. A revision of the code should be considered along the lines suggested above. Regrettably, I am unaware of the political implications of this suggestion, and totally uninformed of who is technically responsible for the shortcomings of the law that I have criticized.

Leif Mutén

Projet du 28 mars 1994

BURKINA FASO

AIDE-MEMOIRE (SOUS RESERVE DE L'APPROBATION)

MISSION DE PREPARATION : CREDIT IDA SECTEUR MINIER

Une mission a eu lieu à Ouagadougou du 24 au 30 mars 1994. La mission a été conduite par Monsieur Craig Andrews, spécialiste minier, division de l'industrie et des mines (Banque Mondiale) et par Monsieur Leif Muten, professeur du Stockholm School of Economics, spécialiste en fiscalité. La mission a eu comme objectif la préparation du crédit IDA proposé pour l'assistance technique au secteur minier, notamment le planning et la programmation des fonds de préparation du projet (PPF).

Pendant la dernière mission en décembre 1993 le gouvernement et la mission ont échangé des points de vue sur une déclaration de politique et stratégie minière. Le gouvernement a fait parvenir à la Banque une version de cette déclaration au mois de janvier 1994. La présente mission a beaucoup apprécié le travail et les réflexions dans cette version. Toutefois, cette version ne semble pas répondre à toutes les préoccupations de la Banque, en ce qui concerne notamment la participation de l'Etat au capital des sociétés minières, la réforme des institutions, le rôle du CBMP, et les réformes fiscales. Ce document soumis par le gouvernement mérite d'être développé et complété sur certains aspects. Pour ce faire, il serait souhaitable que les principaux responsables du secteur puissent avoir connaissance des informations sur les pratiques internationales en la matière.

Durant son séjour la mission a discuté, avec le "groupe de travail" composé des représentants de la Direction de l'Energie et des Mines, le BUMIGEB, et le CBMP, le projet de planning et programmation du PPF. Ces fonds seront utilisés pour financer l'intervention des consultants internationaux et locaux, organiser les ateliers et délibérations sur les différents aspects de l'industrie minière, la formation des responsables (au Burkina et à l'étranger) gouvernementaux en la matière, et la programmation de l'assistance technique dans les volets prévus dans l'exécution du projet. La mission est de l'avis qu'une période de réflexion est essentielle pour rédiger une déclaration d'une nouvelle politique et stratégie pour le secteur. Cette déclaration servira comme base pour une révision de la législation minière conforme à des pratiques internationales. La période de réflexion et les études permettront au gouvernement d'évaluer le rôle et une restructuration éventuelle du CBMP, la réforme institutionnelle, et de programmer les réformes fiscales (générales et spécifiques au secteur miniers) pour rendre le régime fiscal plus compétitif sur le plan international. Le PPF aidera le gouvernement à achever les conditionalités liées à l'évaluation et à les négociations du crédit IDA, ceci en vue d'accélérer les activités prévues dans la phase d'exécution du projet.

Le gouvernement est conscient de la nécessité d'entreprendre un PPF dans ce sens. Toutefois, étant donné les coûts très élevés des consultants internationaux, il souhaite économiser sur la durée de leurs interventions. Aussi, il souhaite augmenter les fonds disponibles pour les visites d'études à l'étranger et pour le recrutement au maximum de consultants locaux. La mission a été très sensible à ses arguments. Il est proposé que le gouvernement prépare et fasse parvenir à la Banque dans les meilleurs délais une proposition pour le déroulement des activités PPF. Cette proposition devrait porter sur les éléments suivants :

- la gestion du PPF par un coordonnateur local;
- les ateliers et les visites à l'extérieur dans les pays à vocation minière seront organisés avec l'appui des missions de courtes durées par les experts internationaux recrutés directement par le gouvernement ou par un seul bureau d'études ; les ateliers auront pour but de sensibiliser et former les principaux responsables du gouvernement dans les meilleures pratiques internationales en la matière ; les principaux aspects à examiner dans les ateliers sont : la participation de l'Etat au capital des sociétés minières, la structure et organisation des institutions minières, la gestion des titres miniers, la compétitivité et les coûts opératoires, du secteur minier au Burkina vis-à-vis des pays concurrents, la législation minière, et l'orpaillage et petites mines ; les spécialités requises comprennent un spécialiste en institutions minière, un économiste minier, un spécialiste en gestion des titres miniers, et un spécialiste en évaluation des projets/analyste financier ;
- une déclaration de la politique et stratégie minière sera préparée à la suite des ateliers, les visites, et la période de réflexion ; cette déclaration de politique et stratégie doit être adoptée par le conseil de ministres avant l'évaluation du projet ;
- les visites à l'étranger devraient être organisées avec l'assistance d'un bureau d'études afin de faciliter le déroulement de ces missions et avoir un mandat et but bien définis ;
- la révision de la législation minière existante, la rédaction des textes d'application, et la préparation d'un modèle de contrat d'investissement; les fonds PPF prévoient le recrutement d'un juriste internationalement reconnu dans le domaine de la législation minière ; la révision du code minier et les textes connexes doit intervenir avant les négociations du crédit ;
- la restructuration et le renforcement des institutions telles que le BUMIGEB, le cadastre minier, et la Direction Générale des Mines;
- l'évaluation technique, économique, et financière du CBMP, à laquelle mission attache une importance particulière ; bien que quelques aspects de cette évaluation puissent être entrepris par les cabinets locaux, il est nécessaire d'associer un cabinet international en matière d'audit ainsi qu'un économiste spécialisé dans les exploitations artisanales et la commercialisation de l'or ; les réformes satisfaisantes à la Banque en ce qui concerne le rôle du CBMP seront parmi les conditions du crédit IDA ;

Les aspects des réformes fiscales sont actuellement à l'étude par l'expert fiscal accompagnant la mission ; les éléments à prendre en compte pour l'élaboration du PPF seront communiqués au gouvernement après réception de son rapport.

PROJET DU 26 MARS 1994

BURKINA FASO

PROJET MINIER: ACTIVITES POUR LA PREPARATION DU PROJET (PPF)

Dans le cadre de la preparation du credit IDA pour le secteur minier au Burkina il serait souhaitable de prendre une avance du credit (PPF) afin de financer certaines activites. Les fonds PPF seront utiliser pour finances l'intervention des consultants internationaux et locaux, organiser les ateliers et deliberations sur les differents aspects de l'industrie miniere, la formation des responsables gouvernementaux en la matiere, et la programmation de l'assistance technique dans les volets prevus dans l'execution du projet. La duree total du PPF est estime a 6 mois.

ACTIVITES PPF, DUREE, ET HOMMES MOIS

ACTIVITE	DUREE	HOMMES MOIS: INTER	HOMMES MOIS: LOCAUX
Document sur la Politique et Strategie Miniere	3 mois	10 H/M	12 H/M
Revision de la Legislation Miniere	3 mois	2 H/M	4 H/M
Evaluation Technique, Economique, et Financiere du CBMP	4 mois	3 H/M	3 H/M
Etudes sur les Reformes Fiscales	3 mois	6 H/M	6 H/M
TOTAL	6 mois	21 H/M	25 H/M

PLANNING DES ACTIVITES DU PPF

ACTIVITE	1	2	3	4	5	6
Document Politique et Strategie	-----	-----	-----			
Revision Legislation Miniere			-----	-----	-----	
Audit CBMP		-----	-----	-----		
Etude sur la Fiscalite		-----	-----	-----		

Ajouter
Audit

PPF
Phase 1 : Ajouter
Audit CBMP
(fiscalite)

Phase 2

1) Document sur la Politique et Strategie Miniere

Un echange de vues a ete deja eu lieu entre le gouvernement et la Banque concernant le document de la politique et strategie miniere. Toutefois, la derniere version du gouvernement ne semble pas repondre a toutes les preoccupations de la Banque, en ce qui concerne notamment la participation de l'etat au capital des societes miniere, la reforme des institutions, et le role du CBMP. De plus, la version ne traite pas les aspect fiscaux ou financier. Donc, le document soumis par le gouvernement a la Banque merite d'etre developpee et completee sur certains aspects. Pour ce faire, il serait souhaitable que les principaux responsables du secteur puissent avoir connaissance des informations sur les pratiques internationales en la matiere.

Objectifs

A) Preparer une declaration claire et coherente sur la politique miniere du gouvernement et les objectifs vises en matiere de developpement du secteur ainsi que les mesures incitatives pour mieux attirer les investisseurs prives.

B) Preparer une strategie coherente en vue de realiser cette politique miniere et ces objectifs; preparer un plan d'actions a court et long terme pour atteindre les objectifs definis; programmer une assistance technique au secteur;

C) Sensibiliser et former les principaux responsables du gouvernement dans les meilleures pratiques internationales du secteur minier a travers une serie d'etudes et d'ateliers ainsi que des visites a l'exterieur du Burkina dans les pays a vocation miniere.

Taches

La reflexion mettra l'accent sur:

- une description et explication du secteur et les milieux d'investissements miniers internationaux: petites et grandes societes, marches internationaux, evaluation economique et financiere des projets et gisements;
- la position competitivite des operations miniere existantes ou potentielles du Burkina vis a vis les concurrents sur les plans internationaux, sous-regionaux, et locaux;
- les droits miniers: politiques, instruments, implications pour les institutions de surveillance;
- la structure, l'organisation, et le role des institutions etatique a promouvoir, regler, et superviser le developpement du secteur; les reformes institutionnelles a entreprendre; les relations et roles des institutions aux niveaux nationaux et provinciaux;
- la gestion des titres miniers, obligations et engagements de l'etat et les titulaires, l'acces et la detention des titres miniers et des installations miniere par les societes locales ou etrangeres;
- les formes et l'organisation de la legislation miniere et les limites aux pouvoirs discretionnaires du gouvernement;
- les effets connexes aux activites miniere sur d'autre secteurs economique, y compris l'emploi, les revenus d'exportation et fiscales;
- la competitivite sur le plan international du regime fiscal burkinabe; (voir volet PPF portant sur la fiscalite);
- protection de l'environnement et des impacts de l'industrie miniere sur l'environnement;
- l'usage rationnelle des ressources du sous-sol, l'importance de l'infrastructure, maximilisation de la valeur des ressources;
- les couts operatoires et leur importance sur la competitivite de l'industrie: cout d'energie, force ouvriere, intrants a la production; problemes d'organisation et gestion des entreprises dans le contexte local; facteurs locaux tendant a augmenter les couts de production;
- analyse et evaluation des textes connexes a l'industrie: code commercial, code du travail, etc.

- l'orpaillage, petites mines, exploitation traditionnelles; cadre juridique et fiscal portant sur ces operations; experience dans d'autres pays.

Organisation de la Reflexion

Un "groupe de travail" sera constitue sous la responsabilite du Ministere de l'Industrie et du Commerce. Il comprendra le Ministere de l'Industrie et du Commerce (Direction de l'energie et des mines, BUMIGEB, CBMP, SOREMIB), le Minstere des Finances (Direction des Impots, de Domaines, Douanes, Ecole de Regie Financiere), le Ministere de l'Environnement, la Primature, etc. Les tiers interesses (societes privees, particuliers dans le secteur, organisations intergouvernementales, etc) seront egalement invites a participer. Le groupe sera charge de la preparation de la Declaration de la Politique Miniere et Strategie Miniere a mettre en oeuvre pour le secteur, ainsi que du plan d'action pour les activites futures. Apres approbation par les autorites competentes (Conseil de Ministres), cette declaration sera publiee.

Dans ses deliberations, le groupe sera assiste par des consultants internationaux et locaux. Les consultants aideront le groupe a:

- organiser les ateliers, les seminaires et les discussions sur les differents aspects (cadre juridique, cout operatoires, fiscalite, competitivite, institutions);
- la formation et sensibilisation des responsables dans les meilleures pratiques internationales; la formation se fera au Burkina et, eventuellement, a l'etranger;
- la preparation de la declaration de politique miniere, d'une strategie et plan d'actions pour le secteur.

La reflexion touche les autres activites prevues dans le cadre du PPF. Il sera donc necessaire d'assurer une coordination etroite entre toutes ces activites. L'etude sur la fiscalite, par exemple, peut se derouler parallelement avec la reflexion; les consultants concernes par la revision de la legislation miniere doivent etre egalement impliquees dans la reflexion.

Personnel

Les principales specialites requises sont:

- 1) Chef d'equipe; specialiste en politique et strategie miniere; organisation et gestion des institutions
- 2) Economiste minier; evaluation des projets; analyste financier
- 3) Specialiste en regulation miniere; gestion des titres miniers
- 4) Specialiste en exploitations artisanales et de l'environnement

Resultats

- a) Une Declaration de la Politique Miniere
- b) Une Strategie et un Plan d'Actions

Duree

Trois mois.

2) Revision de la Legislation Miniere

Objectives

1) Reviser et promulguer une nouvelle legislation miniere, a savoir:

- la loi fondamentale
- son decret d'application
- un modele du contrat d'investissement

Nature et Description du Projet

Dans la pratique internationale la legislation miniere etablie un systeme de droit par lequel les ressources minerales, qui sont la propriete de l'Etat, peuvent etre confies a des personnes physiques et morales qui desirent les explorer et exploiter. La legislation existante au Burkina, malgre les revisions subies a plusieurs reprises, merite d'etre completee et amplifiee sur certains aspects, y compris la transformation des activites de recherche en activites d'exploitation, les limites aux pouvoirs discretionnaires de l'etat, la conception de la fiscalite, parmi d'autres aspects, afin de le rendre plus attrayant aux investisseurs.

Cet activite du PPF financera la revision des textes existants en la matiere et la la redaction de nouveau texte par les experts juridiques internationalement reconnus en association avec les juristes locaux et les responsables du gouvernement. Les resultats seront une loi fondamentale (Code Minier), les textes reglementaires (decret d'application), et un modele du contrat d'investissement competitive et moderne vis a vis d'autres pays a vocation miniere. Cette legislation sera basee sur la Declaration de la Politique et Strategie Miniere et traitera les aspects telsque la juridiction sur les ressources, la detention des proprietes minerales, les droits de la recherche et d'exploitation, les engagements (et leur surveillance) du titulaire d'un permis, les petites mines et d'exploitations artisanales, le traitement et transformation des mineraux, la protection de l'environnement, le transport et entreposage et commercialisation des mineraux, l'arbitrage, ect. Le decret d'application specifiera les procedures administratives, l'organisation et le fonctionnement du Code Minier; cet aspect est important etant donner que les reformes institutionnelles seront entreprise pendant l'execution du credit. Le modele du contrat d'investissement adressera les aspect d'un interet particulier aux investisseurs qui ne sont pas traite dans les textes, telsque le regime d'echanges, l'accès aux devises, les comptes fiduciaires, la provision de reconstitution des gisements, l'amortissement des investissement, les procedures comptables, etc. Parallelement, les textes connexes au secteur, telsque le code du commerce, l'organisation commerciale, le code de travail, le code de l'environnement, seront etudies.

Des consultants internationaux et locaux aideront les autorites burkinabes a reviser les textes existants et de preparer les nouveaux textes. Les consultants sejourneront dans un premier temps au Burkina afin de prendre connaissance des conditions locales, de la legislation existante, et participer a la reflexion sur la politique miniere. Ils s'associeront avec un cabinet juridique local afin de mieux harmoniser les travaux et d'assurer un suivie effectif. A la fin de cette periode initiale, les consultants aideront leurs homologues burkinabe a preparer un projet de revisions a apporter aux textes existants, decret d'application, et modele du contrat d'investissement. Ces projets seront soumis au gouvernement et a la Banque pour etude et avis. Une deuxieme visite au Burkina sera necessaire pour le suivi de commentaires et recommandations et a la preparation des textes definitifs.

Personnel

1) Un juriste, internationalement reconnu et ayant une grande experience dans la legislation miniere, les decrets d'application, et les modeles de contrat d'investissement;

2) Deux juristes locaux, experimentes dans la redaction des textes legislatifs et reglementaires;

Duree:

Trois mois

3) Evaluation Technique, Economique et Financiere du CBMP

Generalites

Afin d'augmenter les recettes provenant de les exploitations auriferes et de mieux controler les sorties clandestines d'or, le gouvernement en 1986 a cree le Comptoir Burkinabe des Metaux Precieux (CBMP, Kiti No. 86-191/CNR/PRES/PRECO). Le CBMP detient le monopole sur l'achat et l'exportation de l'or au Burkina. Le capital social du CBMP est CFA 100,000,000, detenu dans sa totalite par le gouvernement.

Le prix paye par CBMP aux artisans est fixe par decre (Raabo, No. 0136/FP/CAPRO/SEM du Aout 1990) et est une proportion du prix du marche de Londres. CBMP achete l'or en deduisant ses frais generaux et les commissions; de ce fait, les prix offerts aux artisans par les agents agrees du CBMP correspondent a 55% et 60.5% du prix international selon qu'il s'agit de l'or en poudre ou de l'or des alluvions.

Le resultats financiers (non audites) du CBMP pour l'annee 1992 montre un benefice brut de CFA 134 millions avec un endettement total de CFA 1.4 milliard. Les employes sont au nombre de 69 en mai 1993.

Une opinion est que le CBMP joue un role important en assurant aux artisans l'achat de leur production dans les conditions stables et equitables. Par ailleurs, le CBMP obtient un revenu net qui est transfere (en principe) au tresor public. Une autre opinion est que le structure de prix impose par CBMP encourage la fraude, reduit le revenue brut aux artisans, et decourage l'investissement dans le secteur. Le monopole d'achat constitue aussi une contrainte a des investissements industriels.

Etant donne ces differents points de vue, le gouvernement a decide d'entreprendre une evaluation technique, economique, et financiere du CBMP par les experts internationaux et locaux. Le but de cette etude est d'evaluer les avantages et inconvenients du role du CBMP; de determiner les couts reels de son interventions dans le secteur; et de proposer une restructuration eventuelle de ses activites. Le gouvernement autorisera les visites sur les chantiers et l'accès aux comptes et informations necessaires a la realisation de cette etude.

Taches

Les experts auront pour taches:

- i) Preparer les bilans et comptes certifies du CBMP pour l'annee 1993; examiner les etats financier des annees precedantes et les tendances;
- ii) Evaluer les couts en benefices du monopole du CBMP sur le plan budgetaire du gouvernement; comparer les activites actuelles avec les statuts, notamment en ce qui concerne les flux financiers;
- iii) Evaluer les impacts, les couts et les benefices de la production artisanale dans l'optique de la suppression du monopole et la liberalisation du prix paye pour l'or;
- iv) Evaluer sur le plan technique (encadrement, gestion des parcelles, etc) le role jouer par le CBMP;

v) Proposer les alternatives au CBMP; comptoirs d'achat prives autorises; role du CBMP comme agence de controle statistique et de surveillance;

vi) Proposer la restructuration et/ou liquidation du CBMP, selon sur les resultats de l'etude.

Resultats

A la fin de l'etude, le consultant preparera et soumettra son rapport y compris les comptes certifiees au gouvernement et a la Banque. Le rapport final du consultant prendra en compte les commentaires et comprendra:

- les resultats de l'etude;
- l'analyse des alternatives pour la commercialisation de l'or;
- une opinion technique concernant la restructuration et/ou liquidation du CBMP.

Duree, Personnel et Cout

Il est estime que l'etude necessitera un travail de 3 hommes mois d'expertise international. Les experts internationaux seront assiste par les homologues Burkinabe et les enquetes sur les chantiers organises par les bureaux d'etudes locaux. Pendant leur sejour au Burkina les consultants participeront a la reflexion sur la politique miniere. L'etude durera 4 mois; le rapport preliminaire doit etre soumis au gouvernement et a la Banque dans un delai de deux mois; apres une periode de reflexion le rapport doit etre depose a la fin du troisiemen mois.

Les expertises internationaux requise sont:

- un expert comptable/auditeur, de preference experimente dans l'analyse de fonctionnement des entreprises etatique et les organismes de l'etat charges d'achat des matieres primaires en afrique;
- un expert en gestion d'entreprises, ayant un experience dans la commercialisation de l'or artisanale (et industrielle) et determination du prix a payer pour les different qualites d'or; l'expert aura deja etudie les exploitations artisanales en Afrique

4) Evaluation du Regime Fiscal

Generalites

Au Burkina Faso il existe trois autorites chargees d'application des codes suivants:

- la Direction des Domaines (le Code de l'enregistremnt, du timbre et de l'impot sur les valeurs mobiliaries)
- la Direction General des Impots (le Code des impots);
- la Direction des Douanes (Loi No. 12/92/ADP).

Dans le contexte du programme d'ajustement structurel (SAL I), le gouvernement a deja entrepris des reformes des tarifs et taxes d'importation et d'exportation; en outre, les taxes a l'exportation ont ete supprimees. En decembre 1992 le gouvernement a introduit la Taxe sur la Valeur Ajoutee (TVA, Loi No 4/92 ADP); le TVA est en cours d'execution avec l'assistance technqie du PNUD et le FMI. Le PNUD est egalement implique dans un projet de formation et de soutien logistique et informatique a la Direction des Douanes et a la Direction des Impots.

Taches

Le consultant aura pour taches de:

- Participer a la reflexion sur la politique et strategie miniere et de sensibiliser les responsables a la pratique internationale en la matiere;
- Determiner la conformite du regime fiscal Burkinabe avec les standards et pratiques internationales;
- Examiner les taxes et charges fiscales frappant le secteur minier, en particulier les redevances ad valorem sur la production et son mode de calcul (valeur brute, valeur raffinee nette, etc), les redevances superficielles, les droits d'octroi, et autres charges fiscales specifiques au secteur minier; la comparaison avec d'autres pays et la pratique internationale;
- Etudier le plan comptable actuellement en vigueur et determiner sa compatibilite avec la pratique internationale dans l'industrie miniere; analyser les specificites au secteur telsque la provision pour reconstitution du gisement, l'amortissement, l'enregistrement des ventes et d'inventaires, les frais deductibles, la capitalisation des depenses, etc.
- Examiner des taux, l'assiette, et methodes d'imposition du regime fiscal general et les comparer avec la pratique internationale; les taux marginaux effectifs d'imposition seront calcules et compares a d'autres pays; toutes les taxes seront prises en comptes, telsque le BIC, les taxes sur les dividendes, les droits d'enregistrement et de timbre, les taxes pour les services redues, et autres; et les methodes de calcul de l'assiette;
- Examiner les effets du regime fiscal sur les taux de rentabilite dans le secteur minier, determiner si les exonérations et d'autres mesures fiscales sur l'exploitation rationnelle des gisements (l'ecremage) et le transfert net des recettes fiscales du Burkina au pays d'origine de l'investisseur;
- Evaluer les structure et capacites des services de l'Etat charges d'appliquer le regime fiscal;
- Identifier les besoins en formation et soutien logistique/materiel/informatique, afin de renforcer la capacite de remplir les fonctions;
- Recommender les reformes fiscales a entreprendre et estimer les ressources (humaines, financieres) pour accomplir les reformes.

Resultats

Le consultant preparera un rapport visant a la fois les reformes de la politique fiscale ainsi que les techniques specifiques de l'imposition; le rapport recommandera les reformes et les mesures specifiques a entreprendre pour renforcer la capacite des services de l'etat a appliquer le regime fiscal. Dans son activite, le consultant collaborera etroitement avec les divers Services de l'Etat ainsi qu'avec les consultants charges d'organiser la reflexion sur la politique et strategie miniere. En outre, il participera aux ateliers sur la fiscalite miniere. Il sera souhaitable d'impliquer au maximum l'Ecole de Regie Financier et d'associer un bureau d'audit/comptable local aux etudes. Le consultant preparera les termes de reference pour l'execution des reformes proposees, la programmation de l'assistance technique, et les autres actions a entreprendre dans l'execution du credit, y compris une estimation des couts de ses interventions.

Duree et Personnel

L'etude sur la fiscalite durera 3 mois et necessitera un travail de 6 hommes mois.

L'equipe sera composee:

- d'un expert internationalement reconnu en matiere de politique fiscale, impots directes et indirectes, les taux marginaux effectifs d'imposition, comparaison du regime fiscal burkinabe avec les meilleurs pratiques internationales, surtout dans d'autres pays producteurs des ressources minerales;
- d'un expert en matiere de fiscalite miniere: le calcul des taxes ad valorem, l'impact des charges fiscales et douanieres sur la rentabilite et la competitivite des projets miniers;
- d'un expert en comptabilite miniere, les deductions et frais habituellement admissible dans l'industrie miniere, les specifications techniques pour la tenu des comptes (enregistrement des

recettes, amortissement, reconstitution des gisement, standards vis a vis l'endettement/fonds propres;deductions admises, calcul des charges de l'inventaire, etc).

ESTIMATION DES COUTS DU PPF

ELEMENT/SPECIALITE	HOMME MOIS	COUT H/M (US\$)	COUT TOTAL	TOTAL
Reflexion				
Economiste Miniere	2 h/m	22.000	44.000	
Specialiste institutions	4 h/m	22.000	88.000	
Reglementation miniere	2 h/m	22.000	44.000	
Orpaillage/environnement	2 h/m	22.000	44.000	
Consultants locaux	12 h/m	2.000	24.000	244.000
Reforme Juridique				
Avocat/Juriste	2 h/m	30.000	60.000	
Juristes locaux	4 h/m	5.000	20.000	80.000
Evaluation du CBMP				
Comptable senior	1,5	30.000	45.000	
Specialiste gestion	1,5	30.000	45.000	
Consultants locaux	3	5.000	15.000	105.000
Fiscalite				
Specialiste fiscalite general	2 h/m	30.000	60.000	
Specialiste fiscalite mines	2 h/m	30.000	60.000	
Specialiste comptable mines	2 h/m	22.000	44.000	
Consultants locaux	6 h/m	5.000	10.000	174.000
TOTAL DES HONORAIRES				639.000
AUTRES FRAIS				
Voyages Internationaux	16 AR	5.000	80.000	
Per Diem	378 jours	US\$ 200/j	75.000	
Frais Fonctionnement				
Coordonnateur	6 mois	\$2.000	\$12.000	
Locaux			10.000	
Logistique			10.000	
Formation			50.000	
TOTAL FRAIS				247.000
TOTAL				876.000

A L L - I N - 1 N O T E

DATE: 28-Feb-1994 03:21pm

TO: See Distribution Below

FROM: Craig Andrews, IENIM

(CRAIG ANDREWS)

EXT.: 34275

SUBJECT: Comments on PFP re: Mining

I have just received the PFP document; I'll try to attend the review meeting on Wednesday but in case I don't make it I offer the following comments:

- P. 7, para 19: is SOREMIB in receivership? The Pourra gold mine is losing money hand over fist but I do not believe it is formally in receivership. Is this correct, Ana? Also, be aware that Sysmin is considering a grant of 1+ million ECUs to Pourra (Soremib) for "rehabilitation". SOREMIB is looking for a private investor and/or is in the process of privatizing itself. Can we reference and/or make conditional the successful conclusion of this privatization someplace?

- Tambao into an autonomous government agency? I had heard they were doing this for Bumigeb (or, at least, intend to) but was unaware that they were doing it for Tambao. They should actually dis-solve this state entity as a private group is now working to develop this manganese project.

- P. 13, para 40: Does the second sentence (re: devaluation and enhanced exploration funding), while true, really add anything? It would be better to add a sentence which says, in effect, that the government recognizes that the role of the State in the sector should be confined to regulatory and oversight functions for the sector, not direct or indirect equity participation in mining operations.

- Summary Description:

- item 2 (e): "reform of income taxation". Should not this be broadened to include all forms of direct taxation of commercial activities: income or profits tax, dividend withholding tax, company registration and stamp taxes, etc. Ana can provide more information on the complicated nature of Burkina tax codes. We wish to use the mining project to reform these general codes in addition to those of specific importance to mining. As an alternative, perhaps just drop the word "income" in this reference to make it apply to all taxation.

- item K: Industry and Mining:

(b) reference to review of mine code: should include reference to mine code, enabling regulations, and model investment contract; adoption of proposed texts;

(e) revision of tasks of CBMP. I know we've discussed before, but can we get them to accept a removal of the monopoly of CBMP and liberalization of price structure (as stated in paragraph 40)? To simply revise the tasks of CBMP leaves us wide open to no reform at all: worse, we could end up re-inforcing the role of CBMP;

(f) finally, greater emphasis should be given to re-organizing and strengthening government supervisory institutions.

DISTRIBUTION:

TO: Whitney Foster	(WHITNEY FOSTER)
TO: Olga Jonas	(OLGA JONAS)
TO: Anne Doize	(ANNE DOIZE)
CC: Ana Novaes	(ANA NOVAES)

OFFICE MEMORANDUM

DATE: January 13, 1994

TO: Cherif Azi

FROM: C.B. Andrews

EXTENSION: 34275



SUBJECT: Burkina Mining Sector

Cherif:

I have briefly reviewed your private sector assessment of Burkina Faso. Rather than comment on specific sections of your report relative to the mining sector let me provide the following up-dated information that you can integrate as you feel best into your report.

It is somewhat of an overstatement to say that Burkina is endowed with rich mineral resources. Identified deposits of manganese and zinc exist as well as gold (deposits and considerable potential). As to the others (bauxite, antimony, copper, iron ore, etc.) there are only indications of these elements and no thorough analysis has been done to permit us to say that the country has deposits of these minerals.

The enterprises operating in the sector have undergone considerable rationalization in the past twelve months. Only one industrial enterprise is currently mining: SOREMIB (gold); production is just under 1 tonne per annum and this enterprise has difficulty covering its cash operating costs. They are actively searching for a foreign partner to take all or part of the enterprise and the prospective ground over which it has exploration/exploitation permits. The Dutch firm, Billiton, is said to be interested but negotiations have bogged down. A majority of the stock of Filiere d'Or was sold to French interests (SIRIEX) with the government owning the remainder. This firm holds prospective ground but cannot be considered an industrial operation; their primary business is simply purchasing from the artisans and selling to CBMP. GMC is now in private hands (a local businessman) but this firm also is simply holding ground and purchasing from the artisans. SMG, the North Korean venture (SOMICOB) as well as others are defunct.

Pilot mining has begun on the Tambao manganese deposit; a joint venture between a Canadian firm and the government. The success of this operation is critically dependent on transportation - rail to Abidjan and road to the site. Manganese mined in the pilot phase will be sold on international markets and, if acceptable, full scale mining could commence. I remain sceptical of this project since the margins are paper thin and the transport situation has yet to sort itself out. The Perkoa zinc project is stalled because of the low zinc prices and transportation difficulties. I am not optimistic that this project will go forward in the near future.

The Mining Code is based on the old French text and is integrated into the Agrarian Reform Act. This Act was revised in 1991 and a commission is studying it further. The changes made to the Mine Code in 1991 within the framework of this act are relatively minor. The Mine Code is deficient in many respects including: excessive government discretionary power to grant or revoke mining titles, lack of security of tenure (i.e., the automatic progression from exploration permit to exploitation permit), mandatory concession of free shares to the government, excessive permit surface areas, and inappropriate surface rentals, among other defects. We are encouraging the government to reform the Mine Code and remove it from the body of the Agrarian Reform Act; this will be part of our mining project.

The Mining Investment Code was passed in June 1993 and provides for numerous tax, customs and other incentives for mining ventures. While this investment code may be useful in a temporary sense to provide relief from confiscatory taxes, the basic problem in Burkina is the high and uncompetitive level of taxes on profits (45%), dividends (25%), stamp and registration taxes, and other imposts, levies, and fees. In effect, the mining investment code attempts to provide some relief from these taxes (by, for instance, reducing the rate of tax on dividends), but the root of the problem is to revise the country's overall tax regime to bring it in line with international standards. This, also, will be an objective of the mining TA loan. From a policy point of view, the tax regime should be neutral, that is it should neither discriminate in favor of nor against a particular sector. In other words, mining should not get any special tax breaks or exemptions; but, the overall level of taxation of profits should be internationally competitive (income tax at 35%, dividend withholding at 10%, for instance). Also, general levels of customs duties, export taxes and levies, and indirect taxes should be revised, to the extent that they have not already been tackled under other programs (Salaman Samen's project, for instance).

A big problem in Burkina is the weakness of the institutions in charge of the sector. The government has over the past several months made an effort to re-organize these institutions to bring them more into line with market economy precepts. For instance, the Direction des Mines is now in charge of permit issuance, surveillance of worksites, verification of claims, negotiations with firms, etc. These roles are appropriate, but, the Direction is understaffed, its personnel poorly trained, and it lacks an operational budget sufficient to accomplish its tasks. Bumigeb used to be the all-powerful agency that combined regulatory functions with direct operational responsibilities. This agency is currently being re-organized and the Bank has recommended that it be split into a proper geological survey, in charge of collection and dissemination of basic geological information and a group to provide "geo-services" (laboratory, drilling, etc.) that could eventually be privatized. We are hopeful that the government will take our suggestions and the project will committ substantial funds to assisting in the re-organization.

With respect to CBMP, this monopoly is an impediment to development of the sector. No international investor will wish to be forced to sell to or through CBMP (is it not ludicrous for Anglo-American, the largest gold producer in the world, to be forced to sell gold to CBMP?). The price structure of CBMP and its monopoly control only serves to encourage fraud. Also, this group appears to have expanded its activities beyond merely purchasing of gold: it lends funds to producers, borrows from the government and other sources, and conducts "training" programs (for artisanal miners). We are seeking to conduct an financial and technical audit of CBMP to determine the future, if any of this organization. As a starter, we would like to have the government to revoke the monopoly powers of CBMP.

I hope this is helpful to you. If I can provide any further information or review another draft of your document please let me know.

Craig

AFRICA - COUNTRY DEPARTMENT V
LENDING OPERATIONS TIMETABLE

RUN DATE: 01/05/94

COUNTRY: BURKINA FASO
PROJECT: 3BURPA044 -MINING CAPACITY BUILDING
MANAGING UNIT: 23030
BORROWER: GVT OF BURKINA
IMPLEMENTING AGENCY: TBD
LEAD ADVISOR: STRONGMAN
LENDING INSTRUMENT E.A. COMPL DATE:
MAJ: SIL MIN: LOAN TYPE:
MAJOR SECTOR: NN 100%
OTHER COMP: 1. 0% 2. 0% 3. 0% 4. 0%

FY AND STATUS : 96 *9796*
ORIG.ID:
TASK MGR DIV: 23830
TASK MGR NAME: ANDREWS
PROBABILITY RATING: B
ENVIR ASSESS CAT *B*
CAS DISCUSSION *N*

PROGRAM OBJECTIVE CODES AND PERCENTAGES:

IMPACT ON OBJECTIVES: PRIMARY: EN 2.PV 3.PA 4. 5.
% INPUT TO OBJECTIVES: PRIMARY: 40% 2. 30% 3. 30% 4. 0% 5. 0%
PROGRAM OF TARGETED INTERVENTION(Y/N):N CORE ENVIRONMENT PROGRAM (Y/N):N

PROJECT OBJECTIVES AND DESCRIPTION

DEVELOPMENT OF MINING OPERATIONS IN BURKINA IN ORDER TO DIVERSIFY THE
ECONOMY AND INCREASE FOREIGN EXCHANGE REVENUES

L/C AMT US\$M	SIL	TOTAL FINANCING PLAN US\$M			
IBRD - A :	.0	.0	LOAN/CREDIT AMOUNT:	12.0 40.0	
IBRD - B :	.0	.0	COFINANCING CONF. :	.0	
IDA :	42.0 40.0	.0	LOCAL CONTRIBUTION:	.0	
IDA(SDR) :	8.7	.0	FINANCE GAP :	.0	
SFA :	.0	.0	TOTAL PROJECT COST:	42.0 40.0	
SFA(SDR) :	.0	.0	(OF WHICH LOCAL):	.0	
COFINANCING PROSPECTS (Y/N): Y Full Board Discussion : Y					
CORE STEPS			LOCAL STEPS		
CORE STEPS	LAST MONTH	THIS MONTH	STEP NAME	LAST MONTH	THIS MONTH
Initial EPS	: 12/15/90A	12/15/90A	UPDATED IEPS	12/15/92A	12/15/92A
Depart. Preap	: 12/05/93		PREP MSN	09/15/93	
Preap.Review	: 04/05/94		<i>Prep MSN</i>	<i>12/15/93</i>	
EPS/IM to OC	: 08/05/94				
Depart. Appr.	: 10/05/94 4/5/95	1/5/95	FINAL DOCS RVP		
Yellow Cover	: 12/15/94 6/5/95	3/5/95	FINAL AGMT		
Docs to RVP	: 02/15/95	9/5/95	DOCS TO EDS		
Invit. To Neg	: 03/22/95	4/5/95			
Start Negs	: 03/29/95	5/5/95			
Board Approval	: 12/12/95	10/3/95 1/5/96	<i>6/5/95</i>		

REASONS FOR REVISIONS / COMMENTS
NEXT PROCESSING STEP DEPENDS ON RESULT OF AGREEMENT ON STRATEGIES FOR
SECTORAL DEVELOPMENT. A REVISED EPS WILL BE PRODUCED SHORTLY. ONCE THE
COUNTRY TEAM HAS DISCUSSED THE NEW IEPS.

CONSULTING SERVICES (IN STAFFWEEKS) PROJECT MAY REQUIRE:

ACTION ON PROCUREMENT (MILLIONS OF DOLLARS OF ICBS ANTICIPATED):

Manpower Cost Summary (In Staffweeks)						
Total	Of Which					
	Div H.L.	Div Asst.	Div Cons.	VP-Other	Other	
FY71 To 94	39.1	4.0	.0	3.2	31.3	.6
FY94 Actual	28.4	8.6	.0	.0	14.5	5.2
FY94 Orig Plan	40.0	15.0	.0	10.0	.0	15.0
FY94 Rev Plan	36.0	6.0	.0	16.0	.0	14.0
AFTER FY94(RP)	.0	.0	.0	.0	.0	.0

SIGNATURES

MANAGING DIVISION CHIEF MM / DD / YY TASK MANAGER MM / DD / YY

Fax: 76619

Est. 34275

For Clearance please (Mande
Est. 35020
FAX 35143) Thanks you 4/3/94

ation	18.1 (IDA)	(R) Education Development (IDP) Education Sector Investment. The project would assist the Government in improving primary education quality, access, planning, and management. (a) Improving in-service training for primary school teachers; (b) producing textbooks; (c) promoting active participation and understanding via sector management planning; (d) the Ministry of Education. <u>Environmental Assessment Category 2</u>	Consulting services will be required.	Appraisal mission completed on Mar 18, 1994. Negotiations under way. A PIF request of US\$380,000 has been approved.
istère de nseignement ndaire, rieur et de la cherche encifique F.S.E.P.F.	25.0 (IDA)	(R) High school development strategy to develop and improve the <u>Environment Category 2</u>	Consulting services will be required.	Project has been cancelled.
to be determined	45.0 (IDA)	(R) Private sector promotion of private business on a small scale, by low cost, simple, and efficient aquifers, and water supply for irrigation. Large scale existing water supply. Total project cost estimated at \$10 million. <u>Environmental Assessment Category 2</u>	Consulting services will be required.	Pre-appraisal mission scheduled for March 1994.
to be determined	39.0 (IDA)	Mining sector development assistance and investment in: (a) improving the enabling environment for private investment; (b) research and strengthening government regulatory institutions, and upgrading and reorganizing the geological services to promote investment in large and medium scale mining projects by private capital. <u>Environmental Assessment Category 2</u>	Consulting services will be required.	Project under preparation
to be determined	45.0 (IDA)	(R) Agricultural Services II - Follow up to the Agricultural Services I Project. Concentrating on crop protection and agricultural extension in addition to extension and technical literacy. Total project cost estimated at US\$50.8 million. <u>Environmental Assessment Category 2</u>	Consulting services will be required. Estimated at 200 staffweeks.	Project preparation under way.
Ministries of th, Social rs and Policy; Finance Planning	23.4 (IDA)	(R) Population and Health Project seeks to develop and implement a population program and AIDS prevention program. <u>Environmental Assessment Category 2</u>	Consulting services will be required.	Appraisal completed. Negotiations tentatively scheduled for February 22, 1994.

Mande -
 This is OK for clearance with the change introduced
 CHA 3/mar/94

in mining, specifically the policy, legal, and fiscal regimes;

TRANSMISSION CONFIRMATION REPORT

No. = 001698

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THE WORLD BANK/IFC/M.I.G.A.

C. Andrews

Headquarters: Washington, D.C. 20433 U.S.A.

Tel. No. (202) 477-1234 // Fax Tel. No. (202) 477-6391 // Telex No. RCA 248423

FACSIMILE COVER SHEET AND MESSAGE

DATE: March 2, 1994

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MESSAGE NUMBER: \

TO

Name: Mr. Leif Muten

Organization: \

Fax Tel. No. 46 8 31 17 68

City: Stockholm

Country: Sweden

FROM

Name: C.B. Andrews

Dept./Div. \

Room No. \

Fax Tel. No. 202 477 6619

Dept/Div No. \

Tel. No. \

SUBJECT: Burkina Consulting Assignment

MESSAGE:

Dear Leif:

Please find attached detailed terms of reference for your up-coming mission to Burkina Faso. If you should have any questions on them you can reach me Thursday or Friday; I am out of town subsequently. These TOR may be modified in the field in the light of developments.

Please arrange to have a visa issued at the nearest Burkina Faso consulate; your travel arrangements can be coordinated in my absence through Mrs. Dianne Langham-Butts or Patricia Bacarreza-Cosgrove (Tels: 202 473 6084, 473 4226, respectively). This fax should serve as an indication to the consulate that you will be traveling as part of a World Bank mission.

You should be receiving in due course a letter of appointment from the Bank's personnel unit which will provide further administrative details on the consultancy assignment.

I am sending via DHL a packet of background information on the Burkina tax regime.

I look forward to seeing you in Burkina and to working with you on this project.

Best Regards,

Craig

CC: Van der Veen/Langham-Butts/Bacarreza-Cosgrove

Transmission authorized by: \

you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

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46 8 31 17 68

TERMS OF REFERENCE

BURKINA FASO: PREPARATION OF

MINING SECTOR CAPACITY BUILDING PROJECT

A. Background

The mining sector of Burkina Faso has been identified by the government and international lending institutions as having excellent potential for development. Mining currently is comprised of one industrial gold mining operation, numerous small-scale and artisanal workings, a manganese and zinc project under preparation. The geological framework hosting greenstone belts which in other African countries such as Ghana and Mali host rich gold deposits is known to extend into Burkina Faso. Thus, the potential for new discoveries and developments is considered good and several large foreign mining companies have expressed interest in investing in exploration.

Development of the sector is constrained by numerous difficulties. The policy and legislative framework pertaining to mining are antiquated and in not reflective of the types of terms and conditions required to attract foreign investment. In structure and application the fiscal regime in Burkina is not competitive with other mineral producing countries with whom Burkina must compete in order to attract investment. The structure and organization of government institutions responsible for the sector has undergone some modifications in the past twelve months and thus the ground is set for further re-organization and strengthening. This will involve emphasizing the role of the state as regulator and supervisor of the sector rather than as direct participant in detailed exploration or production activities. Finally, while some work has been done to produce accurate geological maps and data, much of the country remains uncovered by modern geophysical and geological exploration techniques. Moreover, the data and information which does exist is poorly organized and presented and is of limited use to potential private sector investors.

The IDA credit under preparation intends to provide technical assistance in five principal areas to address these constraints: policy dialogue, legal reform, fiscal reform, institutional re-structuring and strengthening, and up-grading and dissemination of geological data base. This project design has been the result of project preparation missions to Burkina by Bank staff and international consultants. A further preparation mission is required by Bank staff accompanied by an international tax expert to design technical assistance for the fiscal reform component. In order to increase the government's ownership of the project, shortly after this preparation mission, project preparation facility (PPF) funds will be used to conduct the policy dialogue, begin the process of legal and fiscal reform, and commence with some institutional re-organization. Full implementation of the project will involve the five components as noted above.

B. Assignment

The international tax consultant will travel to Burkina Faso as soon as possible (but overlap with the mission of the Bank task manager) and spend a period of approximately one week in the field. The expert will meet with various government officials including, but not limited to: Ministry of Finance (Direction des Impôts, Services des Domaines, Service des Douanes, and others), Ministry of Industry and Commerce (Direction des Mines et de l'Energie, BUMIGEB, CBMP, mining companies, and others), the Ecole Nationale de Regie Financiere, Chamber of

Commerce and industry associations, independent accountancy firms, the Commission on Privatization, and other interested parties.

The consultant will:

- review and assess the current Burkina tax regime as it may apply and impact the mining industry; particular attention will be paid to the rates, methods and manners of imposition of: corporate income related taxes, dividend withholding taxes, various business license and registration fees, exemptions and tax holidays granted under existing legislation, and others; the application of certain industry standard practices should be considered in the Burkina context, such as depletion allowances, mineral royalties, surface rents and license fees, depreciation schedules, list of deductible expenses, treatment of exploration and development expenses, inventory valuations, and others.

- review and assess the structural, organizational and personnel capabilities of the directions and ministries responsible for interpretation and enforcement of the fiscal regime; emphasis will be on assessment the basic training, organization and structure of work, procedures and work habits, adequacy of equipment and software (and programs of other donors for up grading thereof), requirements for training and strengthening.

- in respect of the reviews of the legislative and institutional frameworks undertaken as above, make recommendations for further technical assistance to help reform the fiscal regime as it applies to the mining sector, including drafting of detailed terms of reference for consultancy services for: a) the studies and reforms to be undertaken during the PPF, and b) project implementation. Emphasis will be placed during PPF activities on seminars and training sessions for Burkina officials (at home and abroad) so that they can better understand the functioning of a competitive tax system. Emphasis will be placed during project implementation: on the drafting of various modifications and changes to the tax legislation, the strengthening of government institutions responsible for implementation of the fiscal system, requirements for up-grading of physical facilities, software and equipment, and other implementation activities.

During the course of the review and in making the recommendations, the consultant will bear in mind the primacy of making Burkina's fiscal regime competitive by international standards. To the extent that general taxation matters are deemed to have a bearing on the mining sector the consultant should bring these to the attention of the task manager. The consultant also will ensure to the maximum extent possible a "dialogue" with Burkina officials and thoroughly explain and give examples of international fiscal "best practices". Finally, the consultant will ensure that the recommendations of the study are consistent with the fiscal policy advice and programs being provided by the World Bank and IMF.

C. Output and Effort

The consultant will prepare a study of the main findings and observations of the mission, detailing the constraints and deficiencies in the current fiscal regime, the recommendations for reform and remediation thereof, and the design and detailed terms of reference for further technical assistance for fiscal reform (including activities, time frames, and approximate international consultancy cost as well as budgets), distinguishing between PPF and project implementation activities.

It is anticipated that the assignment will require 20 man-days of consultancy effort, of which approximately 7 will be in the field.

D. Qualifications

The consultant will be a senior expert, preferably with an academic institution or international accountancy firm, thoroughly conversant with the tax legislation and practices in francophone Africa. It is probable that the consultant will have carried out similiar assignments in developing countries for international institutions (World Bank, IMF, EEC, others) and will be cognizant of the international best practices in the field. Experience with the principles and standards of taxation as practiced in the international mining industry will be a definite plus in carrying out this assignment.

46 8 31 17 68

OFFICE MEMORANDUM

DATE: February 25, 1994

TO: Ms. Silvia Sagari (AF5IE)

FROM: Craig Andrews, IENIM

EXTENSION: 34275

SUBJECT: Details on PPF Activities

DETAILS ON PPF ACTIVITIES

A. Background

The activities to be funded by the PPF include:

- 1) Dialogue on Mineral Sector Policies and Strategy;
- 2) Preparation of new mine code, implementing regulations, model investment agreement;
- 3) Review of mining specific as well as general taxation regimes together with recommendations and action plan for reform activities during implementation;
- 4) Technical and financial evaluation of CBMP.

These activities are described in greater detail below.

1) Dialogue on Mineral Policies and Strategy

Project Objectives:

1. Prepare a clear statement of government policies and objectives in respect of minerals sector development, including measures to attract foreign investment.
2. Devise a consistent Strategy to implement the policies and achieve the objectives and an Action Plan (short and long term) for the government to follow, including the programming of further technical assistance to the sector;
3. Sensitize and educate key government officials in the dynamics and operations of the sector and international best practices in the mining sector through a series of workshops.

*formation -
strong*

*Coc - low level local
12 min to 3000 h/m -
Sensitivity - secondary, some
Material - orderable
Transport*

The dialogue will focus on:

- the nature of the international mining industry: large and small companies, commodities markets, economic and financial evaluation of projects and ore-bodies;
- position and competitiveness of Burkina existing and potential mining sector operations with respect to the local economy, inter-republican economy, international economy;
- mining rights: policies, instruments, institutional implications;
- role of the state institutions to promote, regulate and monitor developments in the sector;
- national, regional, and municipal jurisdiction over natural resources;
- private and foreign ownership of producing facilities and access to mining titles;
- lay-out of legislation and limits to government discretionary authority;
- spin-off effects of mining to other economic sectors, including employment, tax and export revenues;
- internationally competitive taxation arrangements and attracting foreign investment;
- environmental protection, effects on industry and the environment;
- inter-institutional arrangements and jurisdiction between government supervisory institutions;
- rational use of mineral resources, importance of infrastructure, maximization of the value of the resource.

Project Organization

A "Working Group" will be established under the chairmanship of the Ministry of Industry and Commerce. Various state institutions as well as interested third parties will be invited to send representatives to the Working Group including, but not limited to: Direction des Mines et Energy, BUMIGEB, CBMP, the Ministry of Finance (Direction des Impôts, des Domaines, Douanes), Ministry of the Environment, Prime Minister's office, and interested third parties (private mining companies, entrepreneurs, chamber of commerce, etc) as may be invited by the Working Group. The Working Group will be responsible for preparing the Statement of Principles and Policies, the Sector Strategy and the Action Plan for further activities in the mining sector. Once approved by the Council of Ministers, the Statement of Principles and Policies will be issued as a government white paper and published in the national press. During the course of its deliberations, the Working Group shall be assisted by a team of international consultants. The consultants will assist the Working Group to organize workshops and seminars on topics of importance, training sessions in Burkina and for selected officials abroad, and to draft the initial statement of policies and principals, strategy and action plan. These documents will be prepared and circulated among relevant government departments and the World Bank for review and comments. During the review period the Consultants will make themselves available

to the government for consultation. After a period of internal discussion, the Consultants will work with the Working Group to draft and prepare a final statement of policies and principles, sector strategy, and action plan.

Project Staff

The principal specialties required for the policy dialogue are as follows:

1. Policy/Institutions Specialist.
2. Mineral Economist/Project Evaluation/Foreign Investment Specialist.
3. Sector/Regulatory/Fiscal Specialist.

Output

The following concrete outputs will result from this PPF activity:

- a) *Statement of Policies and Principles* for the mining sector;
- b) *Strategy and Action Plan* for development of the sector;

Duration

Three months

Effort and Cost

Expatriate consultants	6 man-months @ ^{25,000} \$20,000/month	= ^{150,000} \$120,000
Local consultants	6 man-months @ 3,000/month	= 18,000
Airfares	6 RT, business class @ \$5,000/ea	= 30,000
Per Diem/Maintenance	180 days @ \$200/day	= 36,000
Miscellaneous Expenses	estimate	= 20,000
Total		= 224,000 ^{254,000}

2) Mining Code, Regulations, and Model Investment Agreement

Objectives:

1. Re-design, re-draft, and promulgate basic mineral development legislation (Mine Code).
2. Design, draft, and promulgate enabling regulations to implement the basic mine development legislation in accordance with international standards.
3. Design and draft a "model investment agreement" which may be used by the government in negotiations with private investors and/or existing enterprises.

Project Rationale and Description:

The Mine Code in international practice is used to provide an orderly system whereby mineral assets, which are the property of the state, can be granted on a concessionary basis to commercial (and, in some instances, state) entities which desire to explore for and exploit them. Security of tenure is cited by international mining companies as the single greatest risk to be considered when investing outside of their home countries. The existing minerals legislation of Burkina Faso has several drawbacks, such as insufficient security of tenure, excessive government discretionary authority, lack of clarity regarding key fiscal and tax concepts, among others, to potential investors. In addition, the law needs to be completed by mining regulations as well as a model investment agreement.

The project will provide internationally recognized legal and regulatory experts to design and draft basic mineral development legislation, regulations, and model investment agreements. This legislation will be based upon the statement of policies and provide the legal basis to attain the objectives and set forth in the sector strategy. The mine code will address fundamental matters such as jurisdiction over resources, ownership of mineral assets, exploration and exploitation rights, obligations of the mine title holder to conduct works within specified time frames, small scale mining, access to land, processing of minerals, storage and transport of commodities, environmental protection measures, dispute resolution, offenses and penalties, and other matters. The enabling regulations will further detail the administrative procedures to be followed in implementing the mine code, which will be of particular importance given the fact that a new government organization is expected to emerge. Investment agreements will be designed to address issues of pertinence not addressed in the code or regulations and which may be of specific interest to investors and/or existing enterprises such as the provisions relating to foreign exchange, off-shore retention of sales proceeds, accounting procedures and standards, depreciation and depletion allowances, and others matters. Finally, the consultants will provide comments and recommendations of other legal texts which may have a bearing on the mining legislation such as, the general commercial code, labor legislation, environmental code, and others.

It is proposed that the Consultants spend an initial period in Burkina Faso to familiarize themselves with existing legislation and to participate in the dialogue on policies and strategies. Together with the Burkina counterparts, by the end of this initial visit a preliminary draft of the new mine code, regulations, and model investment agreement will be submitted to the government and the Bank for review. During the review period the consultants will ensure their availability to respond to questions and propose modifications. A second visit to Burkina Faso will be made to follow up on the comments and/or recommendations made during the review and discussion stage and to integrate them into a revised draft legislation.

Project Staff

1. Licensed Attorney with an international reputation for work in mineral law and investment negotiations.
2. Regulatory lawyer or regulatory specialist, experienced in permit administration, regulatory procedures, internal operations, fees and rents assessment/collection, and land management.

3) Review of the Tax Regime

A. Background

More than 200 mineral indications and occurrences have been recognized in Burkina Faso with the list of minerals including gold, zinc, manganese, silver, phosphate and many other minerals. To date, however, the mineral potential of Burkina Faso remains inadequately explored, partly because of the distance from international ports, and partly because of inadequate economic regulations and incentives within this sector.

For most countries the two major benefits from mining development are foreign investment receipts and tax revenue collection. However, to date, tax collection from the mining sector in Burkina Faso is negligible and well below its capacity to contribute to the Government revenue effort. In addition, Burkina Faso's fiscal regime, both in general and as applied to the mining industry, has been identified by investors as a major, perhaps fatal, impediment for investment.

In Burkina Faso, there are three tax authorities and the corresponding tax codes: (i) *la Direction des domaines (le Code de l'enregistrement, du timbre et de l'impôt sur les valeurs mobilières)*, (ii) *la Direction general des impôts (le Code des impôts)*, and (iii) *la Direction des douanes (Loi No. 12/92/ADP)*. In the context of the Structural Adjustment Program I (SAL I), the Government of Burkina Faso (GoBF) has already embarked in a program of tariff reform which simplified import tariffs and eliminated export taxes. In December of 1992, the GoBF introduced a Value Added Tax (Law No. 4/92 ADP) which is currently being implemented with support of UNDP and technical assistance from the IMF. UNDP is also involved in a program to provide computers and related training to the customs authorities and the *Direction des impôts*. The creation of a unique tax number identification for each tax payer is envisaged in this program.

B. The Assignment

The consultant will initially receive copies of the *Code des impôts* and the *Code de l'enregistrement*. After reviewing the codes, the consultant will expend about two weeks in Burkina Faso discussing and exchanging ideas with the concerned authorities. Finally he will prepare a report which will be provided to the GoBF and to the World Bank.

The consultant will:

- (i) Evaluate the need to revise the tax codes in line with best international practices.
- (ii) Evaluate the international competitiveness of the tax rates currently prevailing in Burkina Faso *vis-a-vis* other competing countries and taking into consideration best international practices. In particular, the consultant will compare the marginal effective rates of taxation to other countries in Africa and elsewhere; particular attention should be paid to the level and methods of calculation of income tax, dividend and interest withholding taxes, company registrations taxes and the exemptions provided for in special investment laws and agreements with companies.

- (iii) Evaluate the adequacy of the administrative structure for tax collection in both *Direction des impôts* and *Direction des domaines* regarding effectiveness and ability to impose and fairly collect the taxes.
- (iv) Evaluate the need for technical training for the tax personnel.

The consultant will initially receive copies of the mining investment code, *Code des impôts* and the *Code de l'enregistrement*. After reviewing the codes, the consultant will expend about two weeks in Burkina Faso discussing and exchanging ideas with the concerned authorities. Finally he will prepare a report which will be provided to the GoBF and to the World Bank.

The consultant will:

- (i) Establish a policy dialogue with concerned government officials, the tax authorities and the Ad Hoc Commission that will be established by the Minister of Industry, Commerce and Mines to serve as basis for the review of the legal and fiscal framework for the mining sector;
- (ii) Provide and discuss with the authorities information regarding best international tax level and practices in the mining industry.
- (iii) Evaluate the international competitiveness of the tax rates currently prevailing in Burkina Faso *vis-a-vis* other competing countries taking into consideration best international practices. In particular, the consultant will compare the marginal effective rates of taxation to other countries in Africa and elsewhere; particular attention should be paid to the level and methods of calculation of income tax, dividend and interest withholding taxes, company registrations taxes and the exemptions provided for in special investment laws and agreements with companies.
- (iv) Evaluate the adequacy in view of international best practices of the current tax regime as applied specifically to the mining sector, e.g. royalties, surface rents, accelerated amortization and depreciation.
- (v) Discuss with the authorities relevant tax policy options when dealing with multinational corporations (MNC), for instance: (i) the potential transfer of tax revenue from host country to the company's home country of tax exemptions if there is no tax treaty between the two countries with a tax-sparing provision; (ii) the distortions and the loss of tax revenue that can be created for the debt/capital ratio chosen by the MNC if the tax levied at interest payment is different from the tax levied on profits when the interest expenses are fully deductible (as is the case in Burkina) etc.
- (vi) Evaluate the need for training for the tax personnel and other authorities so that the tax reforms as applied to the mining sector are properly applied; propose specific training programs to be implemented during the project.
- (vii) Prepare a jointly report with the Government (consistent with the Government's policy statement for the mining sector) summarizing the issues regarding the taxation of the mining industry and propose amendments/revision of the current related legislation.

During its assignment, the consultant will:

- (i) Establish a policy dialogue with concerned government officials, the tax authorities and the Ad Hoc Commission that will be established by the Minister of Industry, Commerce and Mines to serve as basis for the review of the legal and fiscal framework for the mining sector.
- (ii) Provide the authorities with information regarding best international tax level practices and tax collection structure.
- (iii) Discuss with the authorities relevant tax policy options.
- (iv) Discuss with the authorities his/her findings so that a jointly report can be issued summarizing the main findings and proposing an action plan to be accomplished during project implementation.

C. Output

At the end of his assignment the consultant will forward two copies of his preliminary report each to the Government and the World Bank for comments. Upon receiving the comments, the consultant will prepare a final version. The report will:

- (i) Summarize the consultant's main findings.
- (ii) Provide a comprehensive action plan for the tax reform, and required technical assistance and training to be implemented during the project.
- (iii) Provide terms of reference for further studies, and for additional technical assistance and training.
- (iv) Provide a budget with estimated cost of man-months and in US dollars of the proposed program.

D. Consultant Qualification

The selected consultant must have established international reputation and large international experience in taxation and related matters. Previous experience in Africa and other developing countries will be considered in the selection of the consultant. Fluency in written and spoken French is required.

4) Audit of CBMP

A. Background

In an effort to tap revenues from gold mining and to control gold smuggling abroad, the Government created in 1986 the *Comptoir Burkinabe des Metaux Precieux* (CBMP, Kiti No. 86-191/CNR/PRES/PRECO) and gave to this agency the monopoly for the purchase and export of all gold produced in Burkina Faso (Kiti No. 86-192/CNR/PRES/PRECO). The capital of CBMP is CFA 100,000,000 and is totally owned by the Government of Burkina Faso.

The price paid by CBMP is fixed by decree (Raabo year VII, No. 0136/FP/CAPRO/SEM, August 1990) and is a fixed proportion of the London fixing. CBMP buys gold at a price between 10 and 20 percent below international prices (see attached table for details on CBMP's price structure). In addition, the price the intermediaries pay to the producers is fixed by CBMP and corresponds to 55 and 60.5 percent of the international price for gold powder extracted from a vein and from a river bed, respectively.

According to the not yet audit balance sheet for 1992, CBMP had a net income of about CFA 134,000,000 and had an outstanding debt of CFA 1.4 billion. The number of employees as of May 1993 is 69.

According to the authorities, CBMP plays an important role in assuring to the gold artisans producers the purchase of their gold in a "fair" environment. In addition, the CBMP obtains a net income that is transferred to the Government. Critics argue that the price structure imposed by CBMP induces fraud, unnecessarily depresses the income of the artisans, and discourage investment in the sector.

Given these different views, the Government of Burkina Faso has decided to commission a financial and technical audit by international experts to evaluate the benefits and cost of this monopoly. Accordingly, the GoBF will provide the experts with all necessary information as requested by the experts and allow them to freely visit the production sites and interview producer, intermediaries and other people as necessary.

B. The Assignment

The audit company/international expert will:

- (i) Produce a certified and comprehensive audit of the financial statements of CBMP for 1993 (?) and review the financial statements for previous years to form a clear opinion on the financial health of CBMP;
- (ii) Assess the benefits and costs of CBMP monopoly for the government budget;
- (iii) Evaluate the benefits of freeing the purchase price of gold and gold exports;
- (iv) Interview producers (including artisans) to assess their satisfaction regarding CBMP's monopoly; inquire about alternative arrangements that the producers would rather prefer;
- (v) Evaluate the claim that CBMP is a protection to the gold artisans since it assures the prompt purchase of gold;
- (vi) Propose alternative arrangements for the commercialization of gold;
- (vii) Depending on the result of the audit, propose the restructure or liquidation of CBMP;
- (viii) Discuss the findings with the Government officials.

C. Output

At the end of his assignment the experts will forward two preliminary copies of their report (including the certified audit) to each the Government and the World Bank for comments. Upon receiving the comments, the consultant will prepare a final version. The report will:

- (i) Present the consultant's main findings;
- (ii) Propose alternative arrangements for the commercialization of gold;
- (iii) Provide a technical opinion regarding the restructure or liquidation of CBMP.

CC: Mmes./Messrs.: Menezes, Novaes (AF5IE); Foster, Jonas, Doise, Sarbib (AF5CO); Wabnitz (LEGAF); Osei, Bado (Res. Rep. Mission); Gillette (ECAVP); Garrity (AF5CO); Marshall (AF5DR); Fortin, Walser, Zanga (consultants).

OFFICE MEMORANDUM

DATE: January 13, 1994

TO: Cherif Azi

FROM: C.B. Andrews 

EXTENSION: 34275

SUBJECT: Burkina Mining Sector

Cherif:

I have briefly reviewed your private sector assessment of Burkina Faso. Rather than comment on specific sections of your report relative to the mining sector let me provide the following up-dated information that you can integrate as you feel best into your report.

It is somewhat of an overstatement to say that Burkina is endowed with rich mineral resources. Identified deposits of manganese and zinc exist as well as gold (deposits and considerable potential). As to the others (bauxite, antimony, copper, iron ore, etc.) there are only indications of these elements and no thorough analysis has been done to permit us to say that the country has deposits of these minerals.

The enterprises operating in the sector have undergone considerable rationalization in the past twelve months. Only one industrial enterprise is currently mining: SOREMIB (gold); production is just under 1 tonne per annum and this enterprise has difficulty covering its cash operating costs. They are actively searching for a foreign partner to take all or part of the enterprise and the prospective ground over which it has exploration/exploitation permits. The Dutch firm, Billiton, is said to be interested but negotiations have bogged down. A majority of the stock of Filiere d'Or was sold to French interests (SIRIEX) with the government owning the remainder. This firm holds prospective ground but cannot be considered an industrial operation; their primary business is simply purchasing from the artisans and selling to CBMP. GMC is now in private hands (a local businessman) but this firm also is simply holding ground and purchasing from the artisans. SMG, the North Korean venture (SOMICOB) as well as others are defunct.

Pilot mining has begun on the Tambao manganese deposit; a joint venture between a Canadian firm and the government. The success of this operation is critically dependent on transportation - rail to Abidjan and road to the site. Manganese mined in the pilot phase will be sold on international markets and, if acceptable, full scale mining could commence. I remain sceptical of this project since the margins are paper thin and the transport situation has yet to sort itself out. The Perkoa zinc project is stalled because of the low zinc prices and transportation difficulties. I am not optimistic that this project will go forward in the near future.

The Mining Code is based on the old French text and is integrated into the Agrarian Reform Act. This Act was revised in 1991 and a commission is studying it further. The changes made to the Mine Code in 1991 within the framework of this act are relatively minor. The Mine Code is deficient in many respects including: excessive government discretionary power to grant or revoke mining titles, lack of security of tenure (i.e., the automatic progression from exploration permit to exploitation permit), mandatory concession of free shares to the government, excessive permit surface areas, and inappropriate surface rentals, among other defects. We are encouraging the government to reform the Mine Code and remove it from the body of the Agrarian Reform Act; this will be part of our mining project.

The Mining Investment Code was passed in June 1993 and provides for numerous tax, customs and other incentives for mining ventures. While this investment code may be useful in a temporary sense to provide relief from confiscatory taxes, the basic problem in Burkina is the high and uncompetitive level of taxes on profits (45%), dividends (25%), stamp and registration taxes, and other imposts, levies, and fees. In effect, the mining investment code attempts to provide some relief from these taxes (by, for instance, reducing the rate of tax on dividends), but the root of the problem is to revise the country's overall tax regime to bring it in line with international standards. This, also, will be an objective of the mining TA loan. From a policy point of view, the tax regime should be neutral, that is it should neither discriminate in favor of nor against a particular sector. In other words, mining should not get any special tax breaks or exemptions; but, the overall level of taxation of profits should be internationally competitive (income tax at 35%, dividend withholding at 10%, for instance). Also, general levels of customs duties, export taxes and levies, and indirect taxes should be revised, to the extent that they have not already been tackled under other programs (Salaman Samen's project, for instance).

A big problem in Burkina is the weakness of the institutions in charge of the sector. The government has over the past several months made an effort to re-organize these institutions to bring them more into line with market economy precepts. For instance, the Direction des Mines is now in charge of permit issuance, surveillance of worksites, verification of claims, negotiations with firms, etc. These roles are appropriate, but, the Direction is understaffed, its personnel poorly trained, and it lacks an operational budget sufficient to accomplish its tasks. Bumigeb used to be the all-powerful agency that combined regulatory functions with direct operational responsibilities. This agency is currently being re-organized and the Bank has recommended that it be split into a proper geological survey, in charge of collection and dissemination of basic geological information and a group to provide "geo-services" (laboratory, drilling, etc.) that could eventually be privatized. We are hopeful that the government will take our suggestions and the project will committ substantial funds to assisting in the re-organization.

With respect to CBMP, this monopoly is an impediment to development of the sector. No international investor will wish to be forced to sell to or through CBMP (is it not ludicrous for Anglo-American, the largest gold producer in the world, to be forced to sell gold to CBMP?). The price structure of CBMP and its monopoly control only serves to encourage fraud. Also, this group appears to have expanded its activities beyond merely purchasing of gold: it lends funds to producers, borrows from the government and other sources, and conducts "training" programs (for artisanal miners). We are seeking to conduct an financial and technical audit of CBMP to determine the future, if any of this organization. As a starter, we would like to have the government to revoke the monopoly powers of CBMP.

I hope this is helpful to you. If I can provide any further information or review another draft of your document please let me know.

Craig

Burkina Faso

7 Jan 94

1) PHRD - Japanese Grant

Policy & Human Resource Dev. Fund.

2 times yearly -

next April - money available in May
takes time to put together. Still under detail
Govt decide who administers. Bank can
administer - execute.

Not tied. Just like Bank money.

Follows monitor very carefully how funds are used.

Don't like seminars - study trips -

No appraisal - no sector work - look for
identified project & need to prepare.

Don't like sector strategy & policy.

No sector work. Nothing beyond preparation.
How project fits into country strategy

(2) IDP -

500,000 max. Bank can't execute

3) PPF - \$750,000 before appraisal / \$50,000 after

Expend. to get.

Emil Schiebeck - known about it.

Administered by govt.

THE WORLD BANK/IFC/M.I.G.A.

File: BANK/IFC/M.I.G.A. IENIM, C. ANDREWS
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[illegible]

Burkina Faso: Country Assistance Strategy (CAS)

- I. Recent Economic and Social Performance (forthcoming)
- II. External Environment (forthcoming)
- III. Country Development Objectives and Policies (attached)
- IV. Bank Group's Country Assistance Strategy (attached)
- V. Agenda for Board Consideration (attached)

Attachments

PFP 1993-1995 matrix

Economic indicators, 1988-2000

Social Indicators

January 7, 1994

III. Burkina's Development Objectives and Policies

Changing Role of the State and Trends in Public Expenditure

4. Since a change in Government in August 1983, the authorities pursued policies inspired by central planning and marxism. The private sector was discouraged by confiscatory measures and political interference in the management of enterprises. Domestic and external trade were increasingly controlled. An ambitious first five-year plan (1986-90) included a number of large uneconomic projects. The interventionist policies contributed to lagging fiscal revenues which led the Government to implement, in 1985 and 1986, austerity budgets which included a 12 percent cut in nominal civil servants' wages. In the social sectors, the Government sought to improve the education and health status of the population by aggressive vaccination and literacy campaigns; these, however, could not be sustained because of a lack of resources and institutional weaknesses. The authorities also sought to actively promote environmental conservation and the role of women in development.

5. Following a subsequent change in Government in late 1987, the authorities became increasingly conscious of the limits of their dirigist approach to development. The dialogue on economic management issues with the Bank began during an economic mission in 1988. As the fiscal balance of payments and economic situation worsened dramatically in 1989, the Government accelerated the preparation of reforms aimed at liberalizing the economy, increasing a private sector role in development, and improving the management of public resources. A Policy Framework Paper (PFP) was drafted by the Government in late 1989, and included, in particular, an initial definition of the reform packages which would form the basis for programs supported by Bank adjustment operations. Because of the extensive consensus-building which the authorities chose to undertake, negotiations on the first PFP took more than one year to conclude. Starting in late 1991, therefore, the Government has been implementing an adjustment program whose main features were outlined in two successive Policy Framework Papers of which the last one, covering 1993-95, was distributed to the Board in March 1993.

6. In parallel with the changing orientation of economic management, Burkina has undergone significant political change, beginning in late 1987, with a "rectification" to de-emphasize and eventually eliminate the role of revolutionary committees. In 1990 a new constitution was adopted, providing for a return to the rule of law and democratic elections. Presidential elections were followed by multi-party parliamentary ones in 1992, formally completing the transition from a military single-party state to the beginnings of a democratic one. While there were temporary set-backs and the transition proved more protracted than initially planned, the authorities have succeeded, through their own rather uniquely participative and increasingly open consultation process, in avoiding civil disorder which has hampered political reform in other countries of the sub-region.

7. The profound political change has been reflected in the evolution of public expenditure. Under the military regime, the Ministry of Defense assumed a privileged position, absorbing

nearly one third of total operating public expenditures in 1985-87. This ministry was not only responsible for national defense but also performed certain tasks that are normally carried out by civilian ministries. Thus, it was in charge of the People's National Service which supervised several thousand young instructors who were temporarily assigned to teach in primary schools. With the changed role of the military under the constitutional regime, the proportion of operating expenditure for Defense had fallen to 22% by 1991.¹

Objectives of the Adjustment Program

8. The overriding objectives of the Government's adjustment program are to raise the standard of living of the population through broad-based employment and income growth and to lay the foundation for sustainable economic and social development. The Government is aiming for economic growth of about 4 percent per annum while strengthening public finances and the balance of payments. The Government has adopted an appropriate fiscal policy stance the aim of which is to contain public consumption so as to promote public and private savings and foster private initiative and investment. At the same time, it has been trying to increase revenues through improved collection performance and expanded tax coverage. Internal arrears and bad debts in the banking system are being gradually eliminated under the program. Rescheduling with the Paris Club creditors in 1991 and again in 1993, including the benefit of debt-forgiveness and rescheduling on Toronto terms, has diminished the debt-service burden; the program foresaw an elimination of external debt service arrears by the end of 1993. In view of Burkina Faso's debt burden, the Government continues to pursue a prudent external debt management policy: it continues to contract or guarantee only concessional loans, with the exception of short-term trade credits and loans arising from Paris Club rescheduling.

Key Constraints to Sustained Development and Sources of Growth

9. Burkina faces formidable constraints to development that are, moreover, not amenable to rapid change in a medium-term perspective due to meager and degrading natural resources, high population growth, and a very low level human capital development. Improved soil, water, and biomass resource management can affect agricultural output only gradually; reduction of population growth can only occur in the longer term if the Government's population policy is effectively implemented; only gradual progress can be made in increasing human capital, and hence productivity of the working population. The rapid spread of the HIV virus, which is now already present in an estimated 350,000 people, dramatically complicated the prospects for accelerated social and economic development.

¹ This trend was described in the *Public Expenditure Review (Report No. 11901-BUR)* distributed to the Board in May 1993. Detailed data on actual expenditure in 1992 are not yet available; the proportion of budgeted expenditure for defense has continued to decline in 1992 and 1993.

10. A critical precondition for making headway in tackling these constraints on long term development is accelerated growth in the medium term. Growth is necessary, above all, to provide the resources needed to invest in basic education and improved health care for a growing portion of the population. Faster growth in the medium term is the overriding objective of the adjustment program which aims at increased efficiency in the use of both public and private resources.

11. The private sector will need to be the principal source of growth in the medium term, with support from a more efficient provision of public infrastructure and other services. Several factors favor per capita income growth in the medium term: a central location at the "crossroad of the Sahel"; a hard-working and disciplined population; a domestic market approaching 10 million people; and manufacturing opportunities in the local and regional markets. Given appropriate incentives, there is room for expansion of private sector activity in both traditional and market-oriented agriculture (cotton, oil seeds, fruits, and vegetables), livestock (cattle, sheep, goats, and poultry), and related processing and service industries; and in small-scale productive and commercial enterprises in construction materials, services such as repair facilities, and tourism. In addition, with an improved regulatory framework and streamlined fiscal incentives, exploitation of mineral deposits (gold, zinc, manganese, copper) could make a more important contribution to overall growth. Maintenance and resumption of growth in Burkina's wealthier neighbor countries -- principally Ghana and Cote d'Ivoire -- would have a significant effect on Burkina's growth both through increased demand for traditional exports (livestock and other agricultural products) and through increased remittances from the estimated 3 million Burkinabe emigrants.

12. A sustained implementation of the adjustment program necessitates a continuing change of the role of Government in the economy. Some tasks, such as price controls, have virtually disappeared while new ones have emerged, such as the need to establish a coherent legal framework for conducting business in a market economy. The continuation of the many changes implied by the transition from a dirigist system to a liberalized one depends on the maintenance and further development of a social compact. Democratization essentially confronts two key realities: (i) the majority of the approximately 35, 000 civil servants have been trained and have become accustomed to a very different set of values and behaviors from those their leaders are coming to espouse; and (ii) the vast majority of the population is rural, uneducated and needs a great deal more information on the causes and nature of the changes occurring. Managing this tension during the adjustment process which necessitates an erosion of privileges by the urban-based elite (university students and parastatal and civil servants' salaries), is a key to sustain implementation of reforms. In this regard, Burkina's tradition of consensual and participatory decision-making is a decided asset. Nevertheless, consensus-building takes time; the speed with which policy decisions can be made has decreased while policy makers are learning how the new democratic institutions function.

13. Increased competitiveness of Burkina's production is critical for better growth prospects in the medium and long term. Given Burkina Faso's exchange rate arrangement, containment of domestic inflation has been and will continue to be an essential goal. To this end, the

Government has sought to contain public consumption by reducing the real public wage bill through elimination of promotion increases and introduction of early retirement, by reducing nominal stipends, and cutting personal benefits. In response to a fall in world market price of cotton, the producer price has been cut to reduce the deficit of the cotton company. These policies, are, however, becoming increasingly difficult to sustain for political reasons. Despite a domestic inflation averaging about 2% per annum during the last three years, Burkina's economy has not become markedly more competitive since inflation rates in its trading partners have also been low.

IV. Bank Group's Country Assistance Strategy

Past Bank Group Assistance

14. As of December 3, 1993, IDA commitments to Burkina amounted to US\$628 million for 44 credits, of which some US\$373 million had been disbursed, and US\$58 million cancelled. Of these credits, 41 were for investment projects: 20 in agriculture, 6 in transportation, 4 in education, 3 in telecommunications, 2 in urban development, and one each in industry, mining, health, public institutional development, water supply, public works and employment, and private institutional development. Three credits are in support of adjustment: SAL I, and the Transport and Agriculture SECALs. Of the 13 operations currently under disbursement, 3 are in support of adjustment, 4 are in agriculture, 2 are in primary education, and one each in health, institutional development, public works and employment, and urban development. Two other projects - one for private sector institutions and one for water supply engineering - are about to become effective. IFC has made one investment of US\$450,000 for the manufacture of plastic products. Burkina has also been one of the major beneficiaries of the regional Onchocerciasis Control Program, financed by IDA and many other donors.

Table: Composition of IDA Commitments, FY84-93

	1984-1988		1989-1993	
	US\$ million	Percent	US\$ million	Percent
Agriculture	31.6	36	66.0	20
Industry and Energy	7.4	9	7.0	2
Infrastructure	-	-	82.5	25
Human Resources	48.2	55	24.0	7
Institutional Development	-	-	15.0	5
Adjustment Lending	-	-	138.0	41
TOTAL COMMITMENTS	87.2	100	332.5	100
Number of Operations	5		12	

15. In the mid-1980s relations between Burkina and the Association were strained due to disagreement on public investment program priorities, and new IDA commitments to Burkina averaged US\$17 million per annum; no new credits were approved in 1986 and 1987. Since late 1987, the government has sought increased help from the donor community and launched a major transformation of policy-making. In response, during the past 5 years (1989-1993) IDA has approved 12 credits, raising average annual commitments to US\$67 million, or US\$7.40 per capita.

Objectives of the Bank Group's Strategy

16. The goal of Bank Strategy is to help Burkina to achieve its objective of sustainable economic growth with equity and targeted poverty reduction. The priorities identified in 1990 for the Bank's assistance strategy were to: (i) support critical actions needed to alleviate long-term constraints on economic and social development; (ii) help the Government create a policy and regulatory environment supportive of the private sector; and (iii) help the Government manage public resources more effectively. These priorities essentially remain as the key guiding principles today. Because our dialogue is considerably more advanced than three years ago, however, the Bank will put greater emphasis on implementation and on follow-up, entailing a heightened attention to institutional strengthening to assure that reforms can be sustained.

17. In the near term, IDA will continue to assist the Government in reversing the deterioration in public finance while improving public resource management and ensuring adequate support for development. The critical actions needed are summarized in the attached policy matrix which was prepared by the Government for its *Policy Framework Paper, 1993-1995*. The policy matrix sets out the actions, and their timing, needed in management of public finances, public investments, statistical information, public enterprises, human resources, agriculture, environment, banking, transport, industry, and the legal and regulatory framework. To realize Burkina's modest growth potential and to achieve a lasting reduction of poverty, five integrating themes from among those covered in the policy matrix merit priority consideration: (i) population growth and movement (particularly internal migration); (ii) human resource development; (iii) natural resource management; (iv) public expenditures; and (v) promotion of efficient private sector investment and production growth.

Population growth

18. Slowing population growth is critical to securing sustainable development in Burkina where considerable damage to the fragile natural resource base is occurring, especially on the Mossi plateau which has the highest population density in the Sahel; where health care system is woefully incapable to reduce risks to people particularly women and infants at the time of birth; and where fiscal resources are already strained by merely maintaining the primary school enrollment ratio at its present low level. The government must continue to build on its strong commitment to the promotion of family planning services and to an increased role for women in wage earning economic activity.

Human Resource Development

19. **Education.** Burkina's long-term growth prospects ultimately depend on labor productivity which can rise only with a concerted effort to develop the country's human resource potential. In the medium-term, more rapid progress in human resource development is the most serious challenge because of the limited financial resources available and the relatively high unit costs due to high teachers' salaries. Some cost-reduction measures, such as hiring of less costly entry-level teachers, have started to be taken but much more needs to be done to channel additional resources to permit an increase in enrollment ratios and in quality. Part of the approach at education improvement needs to be the promotion of primary education. The Government has already made progress in reducing stipends and student subsidies but it must continue and this has and will require a strong political will.

20. **Health.** Burkina allocates about 10% of all public expenditure (both domestically and foreign-financed) on health, more than most other sub-Saharan African countries and far more than the average low-income Asian country. The country is, however, one of the worst-off in the world in terms of the standard health indicators. The health system is inefficient for three main reasons: (i) concentration of public health care personnel (two thirds of midwives, 60% of doctors and 40% of nurses) in the two urban areas containing only 13% of Burkina's population); (ii) a significant number of health centers are closed or dysfunctional because of competition with traditional health practitioners and a related lack of appropriately-trained personnel or basic supplies and medicines; and (iii) a disproportionate share of resources is allocated to curative care in the two urban hospitals, at the expense of preventive care in the primary and secondary centers. Fundamental reforms to restructure the system have begun under the ongoing Health I project and during preparation of the present operation (Health/Nutrition). Three sets of policies are critical for improved functioning of the health system: (i) re-allocation and decentralization of personnel; (ii) improved selection and training of personnel; and (iii) increased access to essential generic drugs in an increasingly decentralized health services delivery system.

Management of natural resources

21. Prudent management of the natural resource base also presents a challenge to policy-making because a reduction in population pressure, the single most important cause of present soil, biomass, and water resource degradation, will only occur in the long-term, even if early gains are made in reducing fertility rates. Agricultural research must be greatly strengthened so as to develop less environmentally damaging farming methods and to diversify production. For the dissemination to farmers of promising research results, the extension services must be strengthened, with gender distinctions receiving increased attention. Above all, however, clear responsibilities must be identified and support provided for natural resource management at the village level growing from traditional and more recent experience with participatory local-level planning. Burkina is a leader in the Sahel in promoting local-level responsibility for natural resources management and in introducing simple water harvesting and soil conservation techniques; more widespread implementation of institutional reforms, within the context of testing of what real administrative decentralization means to promote adoption of environmentally sound agricultural practices, is supported by IDA and other donors under the

on-going Agricultural Services, Research and Natural Resource Management (PNGT) projects. This increasingly coordinated effort is both enhanced by the potential of new oncho freed lands, as well as complicated by the effective exportation to the new lands of the "mining" practices brought by the migrants from the Mossi Plateau.

Management of Government expenditures

22. Although financial disequilibria in Burkina's public sector have never attained the severity suffered by its neighbors before they embarked on structural adjustment programs, the establishment and maintenance of a more conservative fiscal stance is a necessary condition for the success of the structural reform program because of the need to continue to maintain price stability, improve competitiveness, and stimulate private sector savings and investment. While there are some prospects for improving revenue performance, in the medium-term Burkina will remain a poor country whose fiscal resources will not grow appreciably. The scarcity of fiscal resources therefore poses a challenge for increasing, from their currently inadequate levels, those public services which are essential for supporting development, especially primary education, basic health, and maintenance of public infrastructure. An intensified effort therefore has to be made to further reallocate resources from nonessential and ineffective Government services, including the military and subsidies; increase cost recovery where there is room within an increasingly decentralized administrative context; increase the efficiency of public spending; and mobilize donor support for the financing of critical current expenditures.

Regulatory Framework for Private Sector Development

23. Enterprise activity and private investment need to be stimulated through continued liberalization and reform of the regulatory framework and through the privatization of viable public enterprises engaged in commercial and industrial activities. The banking sector is being restructured to eliminate the causes for accumulation of large non-productive assets in the past and to mobilize domestic savings and channel them to productive use. Public procurement policies can be further modified to encourage private enterprise; streamlined contracting procedures have already proven effective under the Transport SECAL and Faso Baara project, and there is room to apply them more widely through institutional support presently being provided under the budget component of the PID.

24. Reforms are especially crucial to increasing the competitiveness of Burkinabe products. The formal sector remains largely uncompetitive; production costs are generally high not only because skilled labor and management are scarce but also because past onerous labor regulations had increased labor costs. Energy costs are among the highest in the Sahel because of the pricing policy for petroleum products and high capital costs in power generation. The high levels of protection against competition from imports, extensive regulation of internal trade, and a complex investment code had in the past induced the adoption of inappropriate technologies, an increasing dependence on imported inputs, as well as production inefficiencies. While many of the inappropriate policies have begun to be removed under the adjustment program, their legacy persists in the present structure of Burkina's industry and in the attitudes of workers and

management. There is still considerable scope to reduce costs through sectoral measures for example in petroleum pricing and marketing, transport, and power generation.

Economic and Sector Work

25. The program of ESW is designed to provide an analytical foundation for IDA strategy. Consequently, the priorities are: (i) improving our knowledge of the macroeconomic framework and, especially, issues in public sector management; (ii) human resource development; and (iii) private sector development. A current priority is to complete a Poverty Assessment (FY94-FY95), to provide a basis for more focused and effective interventions. This work will complement the results of the FY93 Women in Development sector work as well as of analytical work on primary education quality, basic health and nutrition, and food security, as a result of which we have agreed to mainstream our effort at encouraging gender equality across all sectors in which we work.

26. The first Public Expenditure Review was carried out in 1992 by a team comprising Bank and some donor staff and a Government budget task force. The focus was on assessing historical trends and on examining the constraints to more rapid development of human resources. The explicit consideration of trade-offs and close involvement of the Government's task force in the analysis has helped to increase awareness of the changing role of the state in the economy and of the need to make additional efforts in the priority sectors (primary education and health). A second Public Expenditure Review (PER) in follow-up to the Poverty Assessment will be carried out (FY95), with two objectives: (i) following up on the FY93 PER to evaluate progress in the social sectors; and (ii) reviewing the efficiency of public investments, building, in particular, on improved information availability which is expected to result from implementation of the Public Institutional Development Project (PID).

27. Increased understanding of the functioning of the private sector is being pursued by the ongoing Private Sector Assessment. A special project preparation facility together with assistance from the Japanese Government, has allowed the establishment of Quality Control Circles (QCC) in a number of companies, with the aim of assessing whether this method can contribute to raise competitiveness of Burkinabe industries. The momentum generated by this pilot experience has led to the recent initiative to introduce quality control circles in several public agencies as well. An Irrigation Sector review and an Agro Processing study will be a collaborative effort with the Government and other donors active in the subsectors, leading to a definition of a sectoral strategy for the IDA Private Irrigation project (FY94). The ongoing Participation Study is expected to yield results that will better inform preparation of all IDA projects, especially those aimed at providing more resources to the most vulnerable segments of the population.

28. This prioritizing and sequencing of our ESW in relation to our proposed lending scenarios builds on and is informed by our collective lessons learned over the previous months and years of intensive change:

- (i) Pressing, encouraging and seeking to inform the increasingly intense debate over the role of the State, its priorities for action, its policies and incentives for an emerging private sector;
- (ii) acknowledge more aggressively and specifically, the contours and the impact of the international and regional context within which this debate and necessary actions occur;
- (iii) recognition that in this highly constrained, swiftly changing environment time-consuming analysis and action planning on priority institutional, capacity building issues is central to the sustainability of our development support;
- (iv) realizing that a broadly-consultative participatory process is essential for testing, and subsequently acting on priority policy (poverty alleviation) actions; and,
- (v) at the heart of this process is our own sensitivity to and appropriate action on provision of information in a timely manner.

Portfolio Implementation

As indicated in the Table, the Burkina portfolio has been relatively problem-free in the last four years. Only one project now closed was rated unsatisfactory. The overall good performance of the portfolio has resulted from our collective effort to learn lessons from the past, the newness of the program and a substantial supervision effort, averaging more than 20 staff-weeks per project. Frequent missions and extensive follow-up are generally necessary to compensate for weak managerial capacity in the Government's implementing agencies. The substantial build-up of commitments since 1990 has confronted Burkina's institutional capacity and resulted in slowed project execution. The FY93 Annual Review of Portfolio Performance analyzed the reasons for the increasingly apparent limits on execution.

Table...: Selected Indicators of IDA Portfolio Performance and Management

Indicator	FY90	FY91	FY92	FY93
Portfolio Performance				
No of projects under implementation	13	9	14	17
Average implementation period (years)	4.9	4.1	3.4	3.5
Average ratings:	-	-		
Development objectives	1.6	1.6	1.4	1.5
Overall status	1.8	1.9	1.6	1.8
Percent of projects rated 3 or 4:	8.0	11.0	0	0
Development objectives	1	1		-
Overall status	1	1	-	-
Cancelled during FY	0	0	0	0
Disbursement ratio (%)	21.6	14.1	29.5	18.3
Disbursement lag (%)	26.3	24.1	25.1	17.1
Memo: % completed projects rated unsatisfactory	NA	NA	NA	NA
Portfolio Management				
Supervision resources (total staff-weeks)*	99.0	142.3	253.9	360.7
Average supervision (staff-weeks/project)	7.6	15.8	18.1	21.2
Supervision resources: percent headquarters				
percent resident mission				
Supervision resources by rating category (staff-weeks/project)				
Projects rated 1 or 2		15.3	18.1	21.2
Projects rated 3 or 4		19.7	0	0
Memorandum item: date of last/next CPPR	(see para...)			

* SW from MIS (SPN) except FY93 from ARPP memo (MIS excludes Engineering Cr. 2519).

These reasons are related to the ongoing administrative and political reforms that have been launched as an integral part of the adjustment program. Although the Burkinabe leadership came to the Bank and the Fund relatively late, in comparison to its neighbors, and although the design of adjustment policies was from the beginning linked to an internal debate on the lessons from other countries' experiences, the opening up of the political process and increasingly complex economic decision-making have strained a relatively weak administration. The authorities were concentrated on the political transition for much of 1992, leading to delays of implementation

of measures under the adjustment program and of reforms underpinning it and new IDA projects, most notably the Public Institutional Development (PID) project.

30. A key focus of the PID is support for improvement of the budgetary process (including linkages between the recurrent and investment budgets, reforms of public procurement and monitoring of expenditure) linked to strengthened information management as well as that of modernizing the civil service. Progress in these core functions of the Government would enhance the performance of the IDA portfolio and increase the effectiveness of aid provided by others. In support of improved functioning of the budgetary process, the Bank has been promoting an improved information flow and coordination at three levels: (i) monitoring of the adjustment program by the permanent secretariat (STP-PAS) to the interministerial committee on adjustment; (ii) piloting of priority administrative reforms by the Director General of the Ministry of Civil Service and Administrative Modernization; and (iii) focus on project specific implementation issues commencing with an Implementation Workshop in May 1993, and regular follow-up meetings organized by the Resident Mission with the Directorate General of Cooperation and IDA project directors. Increased demand for transparency, accountability, and public information and debate have been partially satisfied by these initiatives; our strategy is to pursue further progress in these three areas. In 1993, the Bank was able to make headway on implementation issues by organizing a launch seminar for the PID, attended by eighty senior civil servants and donor representatives. It is critical that Bank support for priority capacity building areas continue to be coordinated with other key donors active in this area. The need for improved coordination with donors, with the budget providing the focal vehicle, was affirmed by Burkina's principal development partners at the June 1993 Round Table.

Proposed Lending Program

31. Shift sector emphasis. The lending program proposed for the coming five years takes into account the sectoral distribution of past lending (Table) and our recent experience with implementation (para) as well as the results of recent economic and sector work (para). IDA has committed during the last five years a relatively small amount for human resource development because implementation of reforms assumed priority, and important sectoral operations in health and in education which were launched in the late 1980s were plagued by slow implementation due to institutional weakness and low priority accorded to fundamental reforms in these sectors. Convincing the Government of the priority of primary education and health has been at the center of the policy dialogue carried out to prepare the two Policy Framework Papers and the program supported by SAL I. Critical reforms in these sectors have been identified in the PFP and initial steps to strengthen sector management are now being taken under the PID; bank strategy is to push ahead on these two fronts quantitatively and qualitatively in order to try and ensure a healthier more educated human resource base in the medium term. The relative emphasis of IDA lending will therefore shift toward an increased emphasis on human resource development in relation to priority productive and infrastructure investments over the coming five years.

Fiscal Year	Operation	Credit Amount (US\$ million)		
		Core Program	Base Case	High Case
94	Health/Nutrition	31.4	31.4	31.4
	SAL I Supplement "Z" (a)	-	25.0	25.0
	Food Security Supplement	-	15.0	15.0
	Faso Baara Supplement	10.0	15.0	15.0
95	Urban Environment	20.0	40.0	40.0
	Faso Baara II	15.0	25.0	25.0
	Population/AIDS	23.4	23.4	23.4
Reserve	SAL II (a)	-	50.0	100.0
	Environment Management Capacity Building	-	5.0	5.0
	PASA II (a)	-	35.0	35.0
96	Mining Sector Capacity Building (b)	-	12.0	40.0
	Private Irrigation	12.0	45.0	45.0
	Higher Education Restructuring (b)	-	25.0	45.0
Reserve	Transport Sector (a)	15.0	40.0	40.0
	PNGT/Agriculture Services II	20.0	45.0	45.0
97	Energy (b)	-	20.0	90.0
	Basic (Girls) Education (b)	-	40.0	40.0
	Water Supply	55.8	55.8	55.8
98	Telecom IV			
	Rural Credit/Livestock			
TOTAL		202.6	547.6	715.6
Notes (a) Potential adjustment operation in Base High Case Scenarios (b) Potential hybrid in High Case Scenario				

32. As currently programmed, the lending amount in the Base Case scenario is tentatively US\$547.6 million for 15 operations (including five Reserve projects plus 3 supplementary credits) for the period FY94-98, or about US\$9.4 per capita per year. Compared to the previous five years (Table), IDA lending would finally attain the level of tentative per capita annual lending amount for the next five years for other Sahelian countries in adjustment. Since about 27% of the lending commitments would be for adjustment operations, a key determinant of the level of IDA lending will be continued good adjustment performance. The pace of IDA lending is directly linked to the Government's ability to implement the macroeconomic and sectoral reforms set out in the PFP for 1993-95. These reforms are a precondition to a more rapid growth and sustained development in the future. The lending program has therefore been structured to encourage timely action and effective follow-up on the Government's part with front-loaded supplementary financing in relation to action on a parity change for the Food Security, Faso Baara and SAL I Operations. To allow for maximum flexibility, for possible sectoral differences in the pace of reforms and for more sharply focused operations, we propose to use a combination of adjustment lending (SAL I supplement and, SAL, PASA, PASECT II)

and hybrid or investment operations, especially in human resources development while seeking an appropriate balance between production and preservation of the natural environment.

33. A deterioration in adjustment performance would lead to a reduction in IDA lending through the postponement or, ultimately, cancellation of the later tranches of the ongoing adjustment operations and of the preparation of the second SAL and/or the second Transport, Agriculture SECALs and the potential hybrid operations. A shift to a non-adjustment scenario (CORE) would, in particular, be triggered by a failure to agree with the Association and the Fund on annual updates of the macroeconomic program, particularly fiscal and monetary policies. Such agreement would normally be reflected in an updated PFP. Targets for the current fiscal deficit, the structure of current expenditure, the public investment program, and credit growth would constitute key criteria for agreement on a PFP. Under the Base Case scenario, Burkina would continue to implement its adjustment program as defined in the second Policy Framework Paper, but with much the same sorts of delays as had been the case in 1992. Critical would be that the trend of adjustment of the fiscal imbalances and of the balance of payments, as defined in the Policy Framework Paper, 1993-95, would be followed. Table ... summarizes the key indicators of macroeconomic adjustment under this scenario.

Table ...: Selected key indicators in the base case scenario (in %)

	1990	1991	1992	1993	1994	1995	2002
GDP growth (constant 1985 prices)	0.0	6.0	0.6	0.4	2.8	3.1	4.2
Real Private consumption per capita growth	-0.2	-0.2	-1.0	-4.7	-1.1	0.3	1.6
Current account balance (excl. grants)/GDP	-12.2	-14.1	-14.5	-14.4	-15.7	-16.1	-12.8
Overall Government deficit (-), excl.grants/GDP	-7.5	-7.2	-6.1	-8.7	-6.0	-3.0	NA
Private investment/GDP	11.2	11.6	12.7	13.5	13.1	13.3	13.4

34. The Base Case scenario includes a number of operations which would support the Government's efforts to re-define its role in managing public and encouraging private resources and to strengthen its capacity to intervene more efficiently. The triggers for going ahead with these operations are the building up of adequate consensus, improved absorptive capacity, and evidence of political commitment. In FY95 a key step for preparation of the second SAL is implementation of the ongoing SAL I and progress on institutional reforms supported by the PID. In addition to Urban Environment, a second expanded Faso Baara operation and Population and AIDS, going ahead with the Environment Capacity Building project depends on a resolution of overlapping and unclear responsibilities of the Ministry of the Environment and other parts of the administration, symptomatic of the sectorialization rather than integration of debate/action on the NEAP. In FY96, the Mining Sector Capacity Building Operation depends on definition of a sector strategy more conducive to attracting private sector investors; a second PASA and the Private Irrigation project would be justified once the ongoing restructuring of public institutions in agriculture, supported by the Agriculture SECAL, is well-advanced; and

the same would be the case for second Transport SECAL in FY97; the Basic Girls' Education project would go ahead only on the basis of an agreed and "country-owned" sectoral strategy deriving from Education III and IV experience at the primary level and prodded constructively by Higher Education preparations; and the Energy project would require political will to proceed with power interconnections with Ghana and Cote d'Ivoire. If progress is not made, these operations would be dropped or postponed, resulting in a shift to a Core Program of 9 (versus 18) scaled-down investment projects in areas that are both critical for poverty alleviation and where basic disagreements on policy are not likely.

35. The High Case scenario reflects our planning for a response to significant and rapid macroeconomic adjustment, including, in particular, a set of policies to effect a substantial real exchange rate depreciation over the medium term in order to increase the competitiveness of Burkina's economy and reduce the costs of provision of public services, especially the unit costs of primary education and basic health. Under this scenario, the amount of adjustment assistance from IDA would increase, starting as quickly as possible with the supplementary credits to SAL I, Faso Baara (urban employment and food availability) and Food Security (rural food via the NGO network now in place). The choice of vehicles to support further significant and rapid macroeconomic adjustment includes increasing the amount of the SAL II (FY95) credit and SECALs in Mining, Higher Education (FY96), Basic Girls' Education, and/or Energy (FY97); the choice would depend on the progress of policy dialogue in these sectors.

36. Both investment and adjustment operations will focus on key policy issues affecting poverty alleviation namely future growth, investment strategy, and institutional strengthening. Sectoral operations are designed to promote a supply response to changes in the macroeconomic framework and to improve the utilization of resources devoted to the respective sectors, particularly the large amounts of non-IDA external financing. The overall IDA allocation and its division between investment and adjustment lending will be reviewed periodically in light of Burkina's record in the implementation of the reform program, the progress realized in reducing external imbalances, and the availability and composition of external financing.

37. The restructuring of public expenditures pursued under SAL I with PID support is critical to the attainment of full benefits of ongoing and proposed IDA projects in the **social sectors**. The main objectives of the Health/Nutrition project (FY94) are to strengthen health sector management through re-allocation of staff and increased resources for preventive and basic care, especially for women and infants. The FY94 Faso Baara and Food Security Supplements, respectively, would have critical and quick social effects through the expansion of urban employment and targeted nutrition and food supplements in 4 rural provinces. The Population/AIDS project (FY95) would build on the reforms of the Health/Nutrition project in tackling public information and control of sexually transmitted diseases and would also support a rapid extension of activities, both in and outside the health care system, to promote family planning and safe sex. The Higher Education Restructuring project (FY96) would seek to increase the quality of higher education, increase its relevance to labor-market needs, lower its costs, especially those due to student subsidies, and increase internal efficiency of the higher education system. The FY97 Basic Girls' Education project would aim at a rapid improvement

of the status and representation of girls in schools; the principal component building on sustained Education III and IV experience would tackle primary school enrollment and quality.

38. IDA assistance to **productive sectors** will focus on the establishment of an **enabling environment for private sector** activity in agriculture and industry through policy reforms, institutional development, and focussed and efficient development of social and physical infrastructure. The authorities realize the importance of an appropriate sequencing of reforms. A second phase of macroeconomic reforms would be supported by SAL II, tentatively scheduled for FY95, including, in particular, a reform of the import tariff structure in harmony with fiscal reform. A Mining Sector Capacity Building project (FY96) proposes to increase the benefits the country and the Government can derive from Burkina's proven mineral deposits; key components are expected to include revision of the regulatory and tax frameworks, strengthening Government's basic geological data base, its capacity for negotiations with potential foreign investors, prevention of environmental damage and promoting private investment in the mining sector. It would also, in coordination with the AIDS program, support actions focussed on slowing the spread of AIDS in the miners' camps. Three projects would seek to promote more efficient and lower-cost provision of economic infrastructure and services in support of private sector growth. First, the Transport SECAL II operation (FY96R) would follow on the ongoing program, supporting an investment and maintenance program agreed with all co-financiers as well as other reforms, especially recovery of railway services. Second, an Energy project (FY97) would build on the reforms in petroleum product pricing supported by previous adjustment operations and would, in particular, help achieve a least-cost expansion of electricity-generation capacity, including regional interconnections. The project would also tackle household energy use rationalization. Finally, a Water Supply project is expected to be ready for FY97, resulting from the recently launched series of engineering and institutional studies. The project would be prepared in close coordination with the numerous donors interested in this subsector and would support alleviation of severe water supply constraints in the capital as well as increased efficiency of the relevant utility company, ONEA.

39. In agriculture and the broader domain of natural resource management, considered a priority by both the Government and IDA, urgently needed policy reforms and system strengthening are addressed in the ongoing Agriculture SECAL and Agriculture Services, Research and PNGT projects. PASA II (FY95) would build on the ongoing policy and institutional rationalization effort. The Private Irrigation (FY96) project would aim to consolidate and extend the capacity of farmers to respond to the improved sectoral incentives which are being established under the Agriculture SECAL. It would, in particular, seek to increase the efficiency of investments in irrigation by revising current approaches which put too much emphasis on expensive, top-down managed, schemes. Construction of large scale dams primarily for irrigation has absorbed a significant share in the investment program of Burkina. Provision of rural credit, appropriate technologies, and cost recovery would also be addressed. An Agriculture Services/PNGT II project (FY96R) envisages building on the efforts of the ongoing Agriculture Research, Services, and Natural Resource Management (PNGT) projects, to restore the environment and to raise agricultural productivity and rural incomes in an increasingly decentralized, community-based mode.

Programs of Special Emphasis

40. Concern with Women in Development, the Environment, and Food Security is fully reflected in the IDA assistance strategy for Burkina. The needs of women and children are the main focus of the Health/Nutrition project while the ongoing Education III and IV projects support increased primary school enrollment among girls. There is also now a strong emphasis on women's role in agriculture and livestock production supported by the Agriculture Services Operation. Burkina's laws explicitly recognize the social and economic equality of women, and the Government's policy is to acknowledge and support their roles more effectively in the development effort. According to the 1991 National Environmental Action Plan, the environmental effects of poor natural resource management in rural Burkina are a major threat to its long-term development. Building on Burkinabe/NGO experience, this threat is addressed in a significant fashion in the Environment Management (PNGT) project in coordination with IDA support for strengthening the agricultural research and extension services. The urban environment drainage and sanitation issues will be the focus of IDA's Third Urban project (FY95), prepared with extensive community, NGO and private sector participation. Food security is addressed primarily through the overall poverty focus of the IDA assistance program and through the emphasis of IDA lending on operations in the agriculture sector. A number of ongoing operations (including Health I, Agriculture Services, PGNT, and Food Security) make significant use of the ability of the non-governmental organizations to reach and assist vulnerable portions of the population.

IFC and MIGA

41. Due to the weak economic situation and enabling environment of the country, there has been relatively little private investment and consequently little activity by IFC in the past. The one IFC investment was in SOVOLPLAS, a producer of polypropylene, which closed in 1988. There is potential for IFC involvement in the mining sector, mainly in the development of the zinc deposit which will require a very large investment of the kind that IFC has helped syndicate in other countries in the region. IFC also supports the development of small- and medium-size enterprises through the recently established African Project Development Facility (ADPF) which is planning to set up an office in Ouagadougou, and the African Enterprise Fund. The Foreign Investment Advisory Service (FIAS), IFC and MIGA have already been closely involved in the preparation of reforms in the regulatory framework for the private sector undertaken under SAL I. In the future, IFC will also explore ways to assist the Government in implementing privatization through advisory services and help in the search for partners and financing. MIGA is preparing a seminar for assistance with mining sector investments.

Coordination with the IMF, other donors and NGOs

42. Three IDA adjustment operations have been launched since Burkina started its adjustment program. IDA provides only partial support for Burkina's policy reform program, with the balance being financed by the IMF and a number of other bilateral and multilateral donors. The macroeconomic and sectoral adjustment programs have been prepared in close collaboration with

IMF staff, and with assistance from other donors, including France, the EEC, the ILO, the UNDP, the African Development Bank, Norway, and Germany. Burkina's first annual ESAF arrangement for SDR 17.68 million (40 percent of quota) was approved by the IMF Board on March 31, 1993; a joint Bank-IMF mission to negotiate the third PFP is scheduled for February 1994. The Association will continue to work very closely with the IMF in providing policy recommendations to maintain macroeconomic stability and to ensure the consistency of the overall program.

43. Burkina's adjustment efforts were the main subject of a macro round table in May 1993. Since 1991 significant budgetary support has been provided by France, the European Community, the AfDB, and Norway. In addition to continued support from these donors, Japan, Germany, and Canada are considering cofinancing the adjustment program in 1994. The agreed transport investment and current expenditure programs are cofinanced by eleven donors. The Agriculture SECAL is being supervised in close consultation with key donors in the sector notably France, the African Development Bank, the Netherlands, and the European Community. Denmark has recently decided to significantly enlarge its assistance program to Burkina. The admittance of Burkina to the Special Program of Assistance for low-income debt-distressed countries in Sub-Saharan Africa (SPA) in 1991 has provided access to a regular forum for aid coordination.

44. Given the importance of foreign aid in Burkina and the large number of interested donors aid coordination will continue to be a high priority. A key objective of IDA efforts will be to maintain agreement with other donors on the content of the policy reform programs and on the priorities for the public investment program. A number of vehicles will be used to assure close coordination among donors: a continuation of informal donor meetings in the context of specific operations, such as those organized annually in the health sector, the recent macro round table, and the transport sector donors meeting; bi-annual SPA meetings for sharing information on adjustment performance and cofinancing requirements; and continued close contact by the Resident Mission and visiting bank missions with the local donor representatives. This essential consultative process has been complicated in the past year by the lead role assigned to the UNDP in Burkina as a Round-Table country, resulting in appreciable Bank staff costs. At the Round Table in June 1993, the Permanent Secretary in charge of monitoring the adjustment program has offered to organize quarterly review meetings on the execution of both the investment and recurrent budgets with the donors involved in their financing.

V. Agenda for Board Consideration

45. The last Country Assistance Strategy statement was presented to the Board with the Transport SECAL in February 1992, arguing the substantial build-up of the size and sectoral coverage of our program. As discussed above, the objectives of our strategy remain to: (i) continue to support and strengthen critical actions to alleviate long-term constraints on economic and social development; (ii) continue to help the (Government) to create a policy and regulatory

environment supportive of the private sector; and (iii) further strengthen the effort of the (Government) to manage public resources more effectively.

46. Much has been done in the intervening 3 1/2 years in pursuit of these objectives, but we are still far from reaching them; we are clearly only in an initial phase of a very long and difficult battle. Based on the experience over the recent years of substantial program expansion, the Bank has examined critically the choices of vehicles to pursue the objectives.

47. It is necessary to recognize that in liberalizing a policy and an economy, there is an increasing number of other parties to be informed about and/or consulted. In tackling these agendas, the audience is much broader than Government officials with whom we work behind (increasingly less) closed doors. This places a clear priority on making information available in a timely, substantive and appropriate way, and underlines our basic commitment to the information, training and educational dimensions of our work. A key by-product of this approach is to stimulate a debate in Burkina on what the Government can and cannot, should and should not be doing with the resources and capacities it has.

48. The second revision in our objectives takes into account accelerating changes in the regional and international environment and aims to speed up and intensify the process of economic change. Burkina is finally showing signs, as are some its neighbors, of waking up to developments right next door to say nothing of further afield. Burkina, like Cote d'Ivoire and Togo, is confronted with achievements in Ghana with which economic relations are far below potential, a result of political disagreements and colonial heritage. However, migrants and traders from the Mossi plateau have historically moved South as well as Southeast and Southwest. The most promising solutions to high energy costs, water availability, and high transport costs also lie in those same directions. These givens of the regional and sub-regional context should be taken into explicit consideration by the Burkinabe so that solutions could be exploited sooner rather than later. The economic future of Burkina is critically dependent on a political will to pursue real regional integration.

BURKINA FASO
Bank Fact Sheet
IBRD/IDA Lending Program, FY93

(in US\$ million; and in %)

	Past		Current		Planned			
	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97
Total Commitments (US\$ million)	22.2	140.5	109.0	18.8	31.4	168.4	167.0	185.8

By Sector (%)								

Agriculture	0.0	0.0	25.7	40.0	0.0	0.0	53.9	30.0
Industry and Finance	0.0	0.0	0.0	22.7	0.0	0.0	0.0	0.0
Energy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	48.4
Power	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Sector Management	0.0	0.0	13.8	0.0	0.0	0.0	0.0	0.0
Infrastructure & Urban Devel.	100.0	14.2	60.6	0.0	0.0	23.8	24.0	0.0
Human Resources (incl.tech./vocat.)	0.0	17.1	0.0	0.0	100.0	13.9	15.0	21.5
Environment	0.0	11.7	0.0	0.0	0.0	3.0	0.0	0.0
Mining & Other Extractive	0.0	0.0	0.0	0.0	0.0	0.0	7.2	0.0
Multisector	0.0	56.9	0.0	37.3	0.0	59.4	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
By Lending Instrument (%)								

Adjustment Credits	0.0	56.9	86.2	0.0	0.0	59.4	0.0	0.0
Specific Invest. Loans & Others	100.0	43.1	13.8	100.0	100.0	40.6	100.0	100.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Disbursements (US\$ million)	22.3	14.5	67.6	49.6	129.1	156.8	125.1	120.1

Adjustment Credits	0.0	0.0	41.2	0.0	83.0	78.0	48.0	30.0
Specific Invest. Loans & Others	22.3	14.5	26.5	49.6	46.1	78.8	77.1	90.1
Interest Payments (US\$ million)	1.5	1.9	2.4	2.8	3.7	4.1	4.8	5.4

Sources: MIS data as of 11/11/93; Five-Year Lending/Reserve Program, 12/3/93; DRS at 12/31/92.

07-Jan-94

BURKINA FASO
Bank Fact Sheet
IFC and MIGA Program

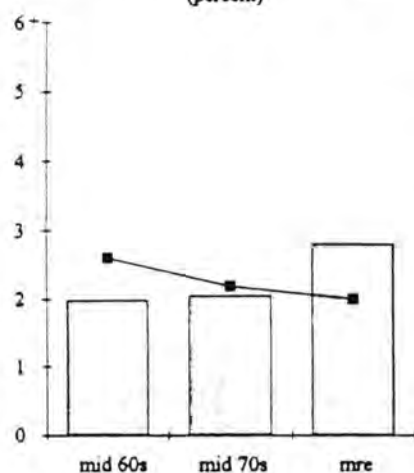
(in US\$ million; and in %)

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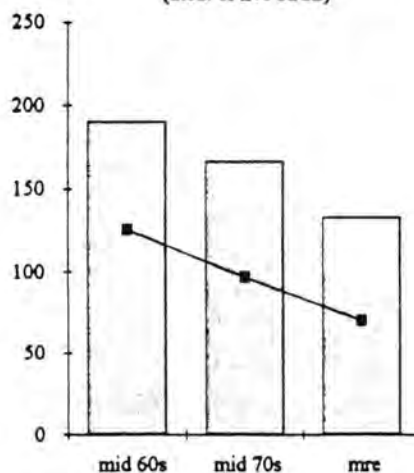
Burkina Faso: Priority Poverty Indicators

Indicator	Unit of measure	25-30 years ago	15-20 years ago	Most recent estimate (mre)	Same region/income group		Next higher income group
					Sub-Saharan Africa	Low-income	
POVERTY							
Upper poverty line	local curr.	..	..	..	..	..	..
Headcount index	% of pop.	..	..	..	..	..	..
Lower poverty line	local curr.	..	..	..	..	..	..
Headcount index	% of pop.	..	..	..	..	..	..
GNP per capita	US\$	70	110	290	350	350	1,610
SHORT TERM INCOME INDICATORS							
Unskilled urban wages	local curr.	..	..	..	..	..	..
Unskilled rural wages	"	..	..	..	..	..	..
Rural terms of trade	"	..	..	..	..	..	..
Consumer price index	1987=100	29	43	103	..	..	..
Lower income	"	..	..	..	..	..	..
Food	"	..	..	105	..	..	..
Urban	"	..	..	..	..	..	..
Rural	"	..	..	..	..	..	..
SOCIAL INDICATORS							
Public expenditure on basic social services	% of GDP	..	..	10	..	..	..
Gross enrollment ratios							
Primary	% school age pop.	12	16	36	70	113	100
Male	"	16	21	45	76	122	106
Female	"	8	12	28	60	106	98
Mortality							
Infant mortality	thou. live births	190	166	133	104	70	40
Under 5 mortality	"	..	..	199	177	98	53
Immunization							
Measles	% age group	..	..	40	40	73	70
DPT	"	..	..	30	35	81	74
Child malnutrition (under-5)	"	..	..	46	..	..	..
Life expectancy							
Total	years	38	42	48	51	63	67
Females/males	ratio	1.08	1.08	1.07	1.06	0.95	1.08
Total fertility rate	births per woman	6.4	6.5	6.5	6.4	3.7	3.5
Maternal mortality rate	100,000 live births	..	..	810	..	..	..

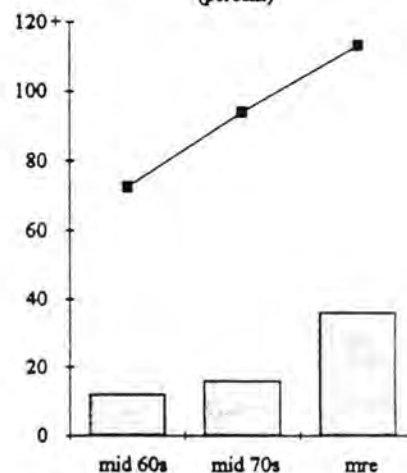
Population growth rate
(percent)



Infant mortality rate
(thou. of live births)



Primary enrollment
(percent)



□ Burkina Faso
— Low income

Burkina Faso: Resources And Expenditures

Indicator	Unit of measure	25-30 years ago	15-20 years ago	Most recent estimate (mre)	Same region/income group		Next higher income group
					Sub-Saharan Africa	Low-income	
HUMAN RESOURCES							
Population (mre=1991)	thousands	5,103	6,202	9,272	488,932	3,127,265	773,803
Age dependency ratio	ratio	0.83	0.88	0.95	0.97	0.66	0.71
Urban	% of pop.	5.2	6.3	9.0	28.7	40.1	53.9
Population growth rate	annual %	2.0	2.1	2.8	3.0	1.9	1.7
Urban	"	3.9	4.0	2.8	5.0	5.2	3.1
Labor force (15-64)	thousands	2,680	3,111	4,261	203,947	1,448,104	302,448
Agriculture	% of labor force	89	87	..	..	..	..
Industry	"	3	4	..	..	..	..
Female	"	49	48	46	37	33	32
Female per 100 males							
Urban	number	..	94	..	..	..	..
Rural	"	..	110	..	..	..	..
NATURAL RESOURCES							
Area	thou. sq. km	274	274	274	23,066	38,828	23,990
Density	pop. per sq. km	19.0	23.0	32.0	20.0	77.0	31.0
Agricultural land	% of land area	44.5	45.8	49.5	51.0	47.4	41.8
Change in agricultural land	annual %	0.1	0.7	0.0	0.0	0.0	0.0
Agricultural land under irrigation	%	0.0	0.1	0.1	5.5	13.7	12.6
Forests and woodland	thou. sq. km	81	75	67	6,651	9,197	5,396
Deforestation (net)	annual %	-0.7	-0.8	-0.9	..	..	..
INCOME							
Household income							
Share of top 20% of households	% of income	..	..	..	..	..	..
Share of bottom 40% of households	"	..	..	..	..	..	..
Share of bottom 20% of households	"	..	..	..	..	..	..
EXPENDITURE							
Food	% of GDP	..	..	35.6	..	..	..
Staples	"	..	..	13.9	..	..	..
Meat, fish, milk, cheese, eggs	"	..	..	14.6	..	..	..
Cereal imports	thou. metric tonnes	15	26	145	7,838	36,008	44,418
Food aid in cereals	"	..	28	44	2,677	6,669	4,047
Food production per capita	1979-81=100	125	106	128	94	122	101
Fertilizer consumption	kg/ha	0.0	1.0	5.0	14.5	47.5	94.2
Share of agriculture in GDP	% of GDP	46.0	37.5	41.6	29.2	28.7	..
Housing	% of GDP	..	..	15.1	..	..	..
Average household size	persons per household	8	..	..	..	..	..
Urban	"	..	..	..	..	..	..
Fixed investment: housing	% of GDP	..	..	3.4	..	..	..
Fuel and power	% of GDP	..	..	11.6	..	..	..
Energy consumption per capita	kg of oil equiv.	7	12	17	100	350	1,249
Households with electricity							
Urban	% of households	..	..	..	..	..	..
Rural	"	..	..	..	..	..	..
Transport and communication	% of GDP	..	..	14.9	..	..	..
Fixed investment: transport equipment	"	..	..	1.9	..	..	..
Total road length	km	..	..	11,231	..	..	..
INVESTMENT IN HUMAN CAPITAL							
Health							
Access to health care	% of pop.	..	..	..	..	..	..
Population per physician	persons	73,957	..	57,320	..	..	..
Population per nurse	"	4,145	3,999	1,682	..	..	..
Population per hospital bed	"	..	..	3,392	1,328	1,048	509
Access to safe water	% of pop.	..	25.0	67.0	36.7	70.6	..
Urban	"	..	50.0	43.0	74.3	79.3	..
Rural	"	..	23.0	69.0	24.2	62.8	..
Oral rehydration therapy (under-5)	% of cases	..	..	15	35	32	..
Education							
Gross enrollment ratio							
Secondary	% of school-age pop.	1	2	7	18	44	56
Female	"	1	1	5	14	37	..
Pupil-teacher ratio: primary	pupils per teacher	47	47	57	39	39	25
Pupil-teacher ratio: secondary	"	36	23	30	..	20	..
Pupils reaching grade 4	% of cohort	..	72	72	69	..	..
Repeater rate: primary	% of total enroll	18	17	17	..	..	..
Illiteracy	% of pop. (age 15+)	99	91	82	51	39	..
Female	% of fem. (age 15+)	..	..	91	62	52	..
Newspaper circulation	per thou. pop.	0	0	0	5	..	..

Source: World Bank International Economics Department, April 1993

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BURKINA FASO: CAS - Key Economic Indicators

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
						←----- Projections -----→							
NATIONAL ACCOUNTS (as % of GDP at current market prices)													

GDP at m.p.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Primary sector at f.c. 1/	44.7	42.6	39.6	42.7	40.9	40.9	40.9	40.8	40.5	40.1	39.6	39.5	39.3
Secondary sector at f.c. 1/	16.0	16.6	17.9	16.8	17.9	17.9	17.9	17.9	18.1	18.6	19.1	19.3	19.5
Tertiary sector at f.c. 1/	35.2	36.6	38.1	36.2	36.8	36.9	36.9	36.8	36.9	36.9	36.8	36.7	36.6
Net indirect taxes 1/	4.1	4.1	4.4	4.2	4.4	4.2	4.3	4.5	4.5	4.5	4.6	4.6	4.6
Consumption	97.1	96.8	96.7	95.3	94.9	93.2	94.8	94.9	93.5	91.6	91.4	91.1	90.8
Gross domestic investment	21.6	21.2	19.1	23.2	23.8	25.5	24.7	24.6	24.0	24.5	24.0	24.0	24.0
Public fixed investment	10.1	10.1	9.3	8.5	9.7	12.0	11.6	11.3	11.0	11.3	11.0	10.8	10.1
Private fixed investment	9.6	11.1	11.2	11.6	12.8	13.5	13.1	13.3	13.0	13.2	13.0	13.2	13.9
Change in stocks	1.9	-0.0	-1.4	3.1	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Resource balance	-18.8	-18.0	-15.8	-18.5	-18.7	-18.7	-19.5	-19.5	-17.5	-16.1	-15.4	-15.1	-14.8
Exports GNFS	12.3	10.9	13.5	12.2	12.0	12.2	13.5	14.2	16.5	18.9	20.0	20.4	20.7
Imports GNFS	31.1	28.8	29.3	30.7	30.6	30.9	33.0	33.6	34.0	35.0	35.4	35.5	35.5
Gross domestic savings	2.9	3.2	3.3	4.7	5.1	6.8	5.2	5.1	6.5	8.4	8.6	8.9	9.2
Gross national savings	9.7	8.9	7.0	9.1	9.3	11.1	9.0	8.5	9.5	10.9	10.7	11.0	11.2
Memorandum Items:													

GDP at m.p. (current US\$ million)	2237.8	2174.7	2580.7	2752.5	2917.8	2779.2	2761.9	2875.3	3002.7	3149.2	3310.4	3517.8	3738.4
GDP per capita (current US\$)	262.2	248.0	286.2	296.9	305.8	283.1	273.4	276.6	280.7	286.1	292.2	301.8	311.7
Average exchange rate (CFAF/US\$)	297.8	319.0	272.3	282.1	264.7	286.5	302.4	305.6	309.7	313.5	317.1	317.1	317.1
PUBLIC FINANCE (as % of GDP at current market prices)													

Total revenue (excl. grants)	11.8	11.5	13.2	14.0	12.6	14.8	15.6	16.7					
Total expenditures and net lending	21.1	19.2	20.8	21.1	18.8	23.4	21.6	19.7					
Overall surplus (+) or deficit (-)	-9.3	-7.7	-7.5	-7.2	-6.2	-8.7	-6.0	-3.0					
Capital expenditure	9.0	6.5	5.8	9.0	6.5	9.1	7.9	7.4					
Foreign financing	6.3	4.9	5.4	8.1	6.6	10.5	6.6	5.8					
(incl.grants and debt relief)													
REAL ANNUAL GROWTH RATES (1985 prices) (%)													

Gross domestic product	5.7	3.3	-0.0	6.0	0.6	0.9	2.8	3.1	3.8	4.1	4.2	4.2	4.2
Gross domestic income	6.6	2.6	1.1	5.2	1.2	-0.1	1.9	3.4	3.9	4.3	4.7	4.5	4.5
REAL ANNUAL PER CAPITA GROWTH RATES (1985 prices) (%)													

Gross domestic product	2.9	0.5	-2.8	3.1	-2.3	-1.9	-0.1	0.2	0.8	1.2	1.3	1.2	1.3
Total consumption	1.3	-1.9	0.1	0.2	-1.1	-4.4	-1.3	-0.1	-1.4	-1.2	1.0	1.1	1.1
Private consumption	1.9	-2.0	-0.2	-0.2	-1.0	-4.7	-1.1	0.3	-1.3	-1.0	1.5	1.6	1.6
MONETARY INDICATORS													

Velocity (GDP/M2)	4.5	4.5	4.6	4.8	4.6	NA	NA	NA	NA	NA	NA	NA	NA
Growth rate of M2 (%)	16.6	3.7	-0.5	4.4	4.4	NA	NA	NA	NA	NA	NA	NA	NA
Private sector credit growth/total credit growth (%)	98.7	71.0	251.4	232.4	73.7	NA	NA	NA	NA	NA	NA	NA	NA

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BURKINA FASO: CAS - Key Economic Indicators

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
						----- Projections -----							
BALANCE OF PAYMENTS (current US\$ million)													

Exports GNFS	275.0	236.0	349.3	336.4	348.9	337.8	373.0	407.1	496.0	593.9	663.6	717.1	774.9
of which: Merchandise f.o.b.	240.1	184.6	280.6	283.2	287.6	278.4	314.1	345.5	431.4	525.2	590.0	637.9	689.7
Imports GNFS	695.0	627.3	757.0	845.8	894.1	857.7	910.7	967.0	1020.1	1102.0	1172.0	1248.1	1328.2
of which: Merchandise f.o.b.	486.8	441.7	542.9	601.9	642.1	613.4	659.7	705.8	744.0	804.9	854.4	910.7	970.0
Resource balance	-420.0	-391.2	-407.7	-509.4	-545.2	-520.0	-537.7	-559.9	-524.0	-508.1	-508.5	-531.0	-553.3
Net factor payments	-13.1	-16.9	-11.8	-22.0	-21.9	-19.2	-24.5	-27.8	-31.0	-36.3	-38.8	-35.2	-36.0
of which: Interest due (DRS)	25.3	23.9	19.5	26.0	18.7	25.0	27.1	27.5	27.8	27.8	28.1	28.5	30.0
Net current transfers (private)	165.2	140.4	105.0	142.9	144.7	138.6	128.6	125.7	121.1	115.8	108.5	108.7	109.0
Curr. acct bal., before official transfers	-267.9	-267.7	-314.4	-388.5	-422.4	-400.6	-433.5	-461.9	-433.9	-428.7	-438.8	-457.6	-480.4
Net official transfers	201.8	356.7	225.5	299.2	317.7	219.2	238.4	264.4	272.4	281.6	291.1	306.2	322.2
Curr. acct bal., after official transfers	-66.1	89.0	-88.9	-89.3	-104.7	-181.4	-195.1	-197.6	-161.5	-147.1	-147.7	-151.3	-158.2
Net foreign direct investment	1.7	11.3	8.1	0.7	7.6	7.0	13.3	24.3	17.2	10.2	15.8	16.6	17.4
Net LT loans (DRS)	60.9	60.8	29.3	113.2	131.9	127.6	134.5	125.5	96.1	108.4	100.5	127.7	118.8
Official (DRS)	74.7	79.3	60.9	121.8	143.9	128.1	135.0	126.0	96.7	108.9	101.1	127.7	118.8
Private (residual)	-13.8	-18.5	-31.6	-8.6	-12.0	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.0	-0.0
Other capital (incl. errors & omissions) 2/	24.4	-291.8	8.2	6.3	-9.2	9.1	-64.4	-41.7	10.7	10.5	10.4	10.4	10.4
Overall balance	20.8	-130.7	-43.3	30.8	25.6	-37.7	-111.7	-89.5	-37.5	-17.9	-21.0	3.4	-11.5
Total financing	-20.8	130.7	43.3	-30.8	-25.6	37.7	111.7	89.5	37.5	17.9	21.0	-3.4	11.5
Total change in reserves (- increase)	-35.6	48.6	-6.2	-26.6	-22.7	48.5	19.8	72.0	-9.8	-15.8	-14.0	-14.7	-15.5
Net credits from the IMF	0.0	0.0	0.0	8.5	0.0	24.8	21.5	21.3	-1.0	-1.9	-1.9	-1.9	-1.9
Gross offic.reserves change(- increase)	-35.6	48.6	-6.2	-35.1	-22.7	23.7	-1.7	50.7	-8.8	-13.9	-12.1	-12.8	-13.6
Change in arrears (+ increase)	14.8	65.5	49.6	-139.3	-24.4	-20.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief	0.0	16.6	0.0	135.1	21.5	10.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	-0.0	0.0	0.0	-0.0	0.0	-0.0	91.9	17.5	47.3	33.7	34.9	11.3	27.0
Memorandum Items:													

Gross reserves, Year-end (US\$ million)	325.4	269.9	304.8	350.0	345.0	321.3	323.0	272.3	281.1	295.0	307.0	319.8	333.4
Gross reserves as months of imports G&S	5.4	4.9	4.7	4.7	4.4	4.3	4.1	3.2	3.2	3.1	3.0	3.0	2.9
Exports GNFS as % of GDP	12.3	10.9	13.5	12.2	12.0	12.2	13.5	14.2	16.5	18.9	20.0	20.4	20.7
Imports GNFS as % of GDP	31.1	28.8	29.3	30.7	30.6	30.9	33.0	33.6	34.0	35.0	35.4	35.5	35.5
Resource balance as % of GDP	-18.8	-18.0	-15.8	-18.5	-18.7	-18.7	-19.5	-19.5	-17.5	-16.1	-15.4	-15.1	-14.8
REAL ANNUAL GROWTH RATES (1985 prices) (%)													

Merchandise exports, f.o.b.	-5.9	-16.6	33.5	1.5	-6.0	8.3	14.1	4.6	20.1	16.8	7.0	3.4	3.4
Cotton	-21.2	20.9	9.5	11.0	-16.8	10.8	10.5	4.3	4.7	4.4	2.3	2.3	2.3
Non monetary gold	5.4	-34.2	43.0	-4.3	-19.0	0.0	9.4	4.0	4.0	4.0	4.0	4.0	4.0
Merchandise imports, f.o.b.	0.2	-5.8	13.3	7.0	3.5	-1.2	1.8	3.0	2.1	5.0	3.3	3.4	3.4
PRICE INDICES (1985=100)													

Export price index, goods (US\$ terms)	137.1	126.4	143.7	143.0	154.4	137.9	136.4	143.5	149.3	155.6	163.3	170.8	178.5
Import price index, goods (US\$ terms)	114.0	109.8	119.1	123.4	127.1	122.8	130.2	135.3	139.6	144.0	148.1	152.6	157.3
Merchandise terms of trade	120.3	115.1	120.7	115.9	121.5	112.3	104.8	106.1	106.9	108.1	110.3	111.9	113.5
Real effective exchange rate (IMF data)	94.6	90.4	89.9	87.5	91.3	NA	NA	NA	NA	NA	NA	NA	NA
Consumer price index (% growth rate)	4.0	-0.3	-0.8	5.1	-5.0	NA	NA	NA	NA	NA	NA	NA	NA
GDP deflator (% growth rate)	3.7	0.7	1.3	4.3	-1.1	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Nominal discount rate (%)	9.5	11.0	11.0	11.0	12.5	NA	NA	NA	NA	NA	NA	NA	NA
Real discount rate (%)	5.6	10.2	9.5	6.5	13.8	NA	NA	NA	NA	NA	NA	NA	NA

1/ As percent of GDP at constant 1985 market prices.

2/ Includes difference between IMF estimates and DRS data on net LT loans; net short-term capital; monetary capital; and errors and omissions.

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03-Jan-94

BURKINA FASO: CAS - Key Exposure Indicators

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
						-----> Projections <-----							
In US\$ million at current prices: (DRS data)													
Total debt disb. & outstanding (TDO) 1/	845.3	717.3	834.0	967.8	1055.4	1212.0	1372.0	1523.0	1622.3	1733.0	1835.7	1965.6	2086.6
Net disbursements 1/	57.8	58.9	28.8	121.7	131.9	152.4	156.0	146.8	95.1	106.5	98.6	125.8	116.9
Total debt service paid (TDS) 1/	42.6	38.6	34.2	46.3	32.8	58.8	65.9	70.3	72.4	74.1	75.0	73.9	99.4
Debt and Debt Service Indicators (%) 1/													

TDO/GDP	37.8	33.0	32.3	35.2	36.2	43.6	49.7	53.0	54.0	55.0	55.5	55.9	55.8
TDO/XGS	292.4	282.5	227.3	273.0	282.6	335.3	348.4	356.1	316.4	285.6	271.5	267.9	263.4
TDS/XGS	14.7	15.2	9.3	13.1	8.8	16.3	16.7	16.4	14.1	12.2	11.1	10.1	12.5
Concessional/TDO	80.4	82.1	82.9	84.7	85.9	87.4	89.4	91.1	92.3	93.5	94.4	95.3	96.3
World Bank Exposure Indicators (IBRD+IDA) (%)													

World Bank DS/Public DS	6.9	4.9	4.9	7.4	12.1	13.3	13.0	14.0	16.2	17.4	19.3	22.4	18.1
Preferred Creditor DS/Public DS	46.2	40.7	33.2	69.8	56.8	69.8	66.8	66.3	67.9	69.4	67.5	69.3	52.7
World Bank DS/XGS	1.3	1.1	0.8	1.1	1.3	2.1	2.1	2.2	2.1	1.9	2.0	2.0	2.1
IFC (US\$ million)													

Loans	0.0	0.0	0.0	0.0	0.0	0.0	NA	NA	NA	NA	NA	NA	NA
Equity and quasi-equity	0.0	0.0	0.0	0.0	0.0	0.0	NA	NA	NA	NA	NA	NA	NA
MIGA (US\$ million)													

MIGA Guarantees	0.0	0.0	0.0	0.0	0.0	0.0	NA	NA	NA	NA	NA	NA	NA

1/ Includes public and publicly guaranteed debt, private non-guaranteed debt, use of IMF credits, and short-term capital.

January 19, 1994

The World Bank
Att. Mr Craig Andrews
Mining Specialist
IENIM
1818 H Street, N.W.
Washington D.C. 20433
USA

Dear Craig,

Enclosed please find a copy of the invoice for the services of Gotthard Walser during the Burkina Faso mission.

The original invoice was sent to Ms. C. Naggar-Vazquez, AF5 Department.

Best regards



Hans Carlsson



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Correspondents / Participants To: Ms. C. Naggar-Vasquez, The World Bank, AF5 Department From: Swedish Geological				
Subject / Title BURKINA FASO MISSION - TECHNICAL ASSISTANCE				
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