Hidden Treasure?

In search of Mali's gold-mining revenues

Oxfam
America

Authors

Rani Parker (Ph.D., George Washington University) is founder of Business-Community Synergies, a development economist, and a leading authority on corporate-community engagement. Parker has 20 years' experience in international development, including consultancies with organizations such as CARE, the UN Children's Fund (UNICEF), the UN Development Program (UNDP), and multinational companies in the energy and extractive industries.

Fred Wood (Ph.D., University of London) is an internationally recognized expert on early childhood and youth development. For 12 years, Dr. Wood served as director of education for Save the Children. His consulting projects have included Save the Children, UNICEF, and the World Bank.

FRONT COVER: Niama Makalu, 22, and her nephew, Amidou Dembelle, working in a field of groundnuts against the backdrop of a waste dump area for the Sadiola Hill Gold Mine in Mali. Their families were among the many people displaced when mining began in the area in the mid-1990s. Makalu, who is married to the chief of Sadiola, is now—like many others—forced to cultivate food for her family on land in close proximity to mine waste. What's more, since the Sadiola Hill Mine now occupies much of the area's former agricultural land, local people have no viable alternatives to farming on these few remaining sites.

Above: Sign and fence on the border of the Sadiola Hill Mine, barring trespassers from land that has been conceded to the mining company.

CONTENTS

Executive Summary 4
Abbreviations 7
Foreword 8

1 INTRODUCTION 12
Aim of the study 12
Methodology 15

2 GOLD MINING IN MALI 20
Artisanal and industrialized mining 21
Economics of mining 23
Sources of information on mining revenues 25

3 LEGAL FRAMEWORK FOR MINING IN MALI 30
Evolution of the Mining Code 30
The current Mining Code 33
Revenues from mining 35
Expenditures 38

4 ROLE OF THE INTERNATIONAL FINANCIAL INSTITUTIONS 42
PATSM: World Bank Mining Sector Technical Assistance Project 42
Current Growth Support Project 44

5 CORPORATE SECTOR IN GOLD MINING 48
The case of Sadiola 50
Taxes and dividends 52
Employment 53
Social investment 54

6 MINING REVENUES AND BENEFITS TO MALIANS 58

7 CONCLUSIONS 62

8 RECOMMENDATIONS 66

Appendix A: Tax Systems Applicable to Mali's Mining Sector 72
Appendix B: People Interviewed 74
Appendix C: Mining Companies Operating in Mali 76
Appendix D: Perspectives on a Good Minerals Taxation Regime 80
Notes 82
References 86

Executive Summary

History of gold mining in Mali

Over the last 10 years, gold has become the most economically significant resource in Mali, accounting for more than half of the country's exports (US$927 million as of 2003). In 2002, gold mining contributed a mere 2.9 percent to Mali's GDP, but by 2004, it had increased to 12.7 percent. Gold is now the single largest source of Malian revenue, outpacing the former revenue giant, cotton. From 1996 to 2002, exports of gold increased from 18 percent of Mali's total exports to 65.4 percent. During the same period, cotton exports declined from 61 percent to 22.4 percent.

The current context for large-scale industrialized gold mining in Mali can be traced to 1991, when introduction of a new Mining Code coincided with other broader economic and political changes, including the end of the Traore dictatorship and of Soviet financial support.

The Sudanese Republic and Senegal became independent from France in 1960; they separated within a few months of their independence, and the Sudanese Republic became the Republic of Mali. From that time until 1991, industrial mining was primarily the state's domain. After privatization reforms of the early 1990s, the Malian government used its option to own shares in the emerging industrial mining enterprises.

The transition to democracy in 1990 and the subsequent changes to the Mining Code to encourage foreign investment led to more extensive exploration and industrialized extraction activities during the 1990s. Over the course of the last decade, there have rarely been less than 60 companies with exploration or production projects in Mali.

Public information and the Mining Code

The newspapers in Mali are the principal source of information on mining revenues. Local press coverage appears to report principally the data that mining companies provide. The result is—not surprisingly—a largely favorable presentation of mining as a benefit to the country.

The six laws and regulations that constitute the Mining Code have resulted in a complex set of taxes, fees, and license charges that are effectively incomprehensible to those without some technical background. Mali's low literacy rate, poor physical infrastructure, and inadequate electronic communications combine to make it nearly impossible for citizens to get clear and complete information about revenues and how they are spent to benefit the public.

There is no way for local community officials to know whether they are receiving the full amounts of mining revenues to which they are entitled. Officials who were interviewed during the preparation of this report did not always know what the law said about the proportions of the various taxes that they should be receiving in their budgets.

Based on the publicly available information, it is impossible to determine how much money is actually received by the government of Mali (GOM), when compared to the amounts paid by the mining companies. Anyone who attempts to tally the publicly available numbers finds the accuracy of their calculations constrained by the many different taxes, fees, and charges that the government collects. This difficulty in monitoring is further compounded by the fact that published reports on mining revenues tend to provide aggregate figures rather than the numbers associated with particular types of taxes.

Because there is not enough information provided in a comprehensible form by the Malian government, citizens and civic groups cannot determine whether they are benefiting from mining revenues as they should according to current law in Mali. While such data may be available within the GOM, they are not publicly accessible. Additionally, there is not the capacity, without additional training, for interested citizen groups to participate fully in the revisions to the Mining Code.

Oxfam's recommendations

The World Bank should require that data about revenues received and expended be made public regularly. Since the World Bank has begun a project in 2005 that will involve revisions to the current Mining Code in Mali, it is essential that nongovernmental organizations (NGOs) and other citizen groups engage in this process.

The Mining Code could, in a revised form, require both the government and mining companies to report on benefit streams. Final arrangements between the GOM and the companies should be made public. In this way, citizens would be able to participate in the decision-making process as well as hold elected officials accountable for their decisions.

The law governing disbursement of revenues should be simplified by establishing percentages that relate not to a particular type of tax (as in the current policy), but to total mining revenues received from a given region. This would permit citizens to track how well their local representatives are spending regional mining revenues.

Since the complex set of taxes, fees, and duties are impossible for civil society groups to understand, international donors could support greater capacity building in this area and provide access to the experience of other countries. Simplification of mining taxes and reporting would permit the GOM both to track its mining revenues and expenditures more effectively and to report on those figures in ways that are meaningful to Mali's citizens.

Smaller group consultations should be conducted where specific interest groups can be heard and there is the opportunity to discuss issues and concerns in depth. Small group discussions with women's groups and others—conducted in the local language(s), in safe settings, and where participatory techniques are used—are more likely to generate feedback to which the government and mining companies will respond.

Transparency is a key first step, but figures are not very meaningful if most people are unable to understand them or their significance. Steps should therefore be taken to strengthen the capacity of NGOs and other citizen groups to participate actively in achieving useful transparency. This means they must be able to understand the law in Mali and their rights under the existing law.

The GOM must publish the tax amounts received by type of tax—especially if the tax is a type where a percentage goes to a region or other decentralized unit—and it must publish the percentages of tax earnings to be redistributed as required by law to mining areas and to those areas without mining.

Abbreviations

AGA	AngloGold Ashanti
AMC	African Metals Corporation
CEPIA	Centre d´Expertise Politique et Institutionelle en Afrique
CCA	Association of NGOs in Mali
CFA	Central African Franc
DNGM	Direction Nationale de Géologie et des Mines, or National Department of Geology and Mines
EI	Extractive Industries
EITI	Extractive Industries Transparency Initiative
FDS	Fondation pour le Developpement au Sahel
GDP	Gross domestic product
GOM	Government of Mali
GRDR	Groupe de recherches et de réalisations pour le développement rural
IDA	International Development Association
IFC	International Finance Corporation
IFI	International Financial Institutions
IMF	International Monetary Fund
ISCP	Special Tax on Certain Products
MIGA	Multilateral Investment Guarantee Agency
NGM	New Gold Mali S.A.
NGO	Non governmental organization
OHADA	Les Actes Uniformes pour l’Harmonisation du Droit des Affaires en Afrique
ORTM	Office de Radio et Television du Mali
PATSM	Projet d´Assistance Technique au Secteur Minier, or Mining Sector Technical Assistance Project
PWYP	Publish What You Pay
SEMOS	Société d´Exploitation des Mines d’Or de Sadiola
SOMIKA	Société d´Exploitation des Mines d'Or de Kalana
SOMILO	Société Miniere de Loulo
SOMISY	Société des Mines d’Or de Syama
UEMOA	Union Economique et Monétaire Ouest Africaine
UNDP	UN Development Program
UNICEF	UN Children’s Fund
USGS	US Geological Survey

Foreword

In few countries are the challenges of development and poverty reduction as stark as in Mali. Landlocked and comprised 70 percent by the Sahara desert, Mali ranks 174th out of 177 countries in the UN's Human Development Index. Despite receiving decades of development assistance since gaining independence in 1960, Mali's poverty rates remain stubbornly high. One reason: The country's cotton sector, traditionally its largest foreign exchange earner, cannot compete in US and European markets where producers are subsidized.

Given these conditions, it is understandable that the country's extensive gold reserves have generated considerable expectations. Since exploration and development of its gold resources in the mid-1990s, gold is now Mali's leading export in terms of revenue, displacing cotton in 2002.

Gold has been part of the history and culture of Mali since the 14th century when it was the engine of a thriving empire. The recent rise in gold prices (trading at 25-year highs at this writing) has only generated greater hope that Mali's future may again be paved with gold.

Unfortunately, natural resource wealth (whether gold, diamonds, oil, or other minerals) has too often been a curse rather than a blessing for developing countries. As Oxfam America has demonstrated in previous reports[1], countries that depend on natural resource wealth tend to perform more poorly on a number of poverty-related indicators, including health and education levels, and on governance issues, including corruption. The reasons for this include limited unskilled job growth in resource industries, as well as lack of investment in manufacturing and agriculture, which provide greater benefits to the poor. Most ominously, studies have also demonstrated that dependence on natural resources can dramatically increase a country's propensity toward civil conflict.

One key potential remedy to the "resource curse" that has emerged in recent years is increasing the transparency surrounding the management of natural resource revenues. Proponents of transparency argue that by increasing the publicly available information on oil and mining companies' payments to host-country governments (and related contracts), and on how these governments spend that money, citizens will be empowered to hold governments accountable for using these funds wisely. Disclosure of this information will thus make it less likely that extraction-generated funds will be diverted to nonproductive uses that do not reduce poverty, or siphoned off into corruption.

Oxfam America strongly supports the principle of greater extractive revenue transparency. This report describes in detail the information that is currently disclosed by mining companies operating in Mali and by the Malian government, and how that information is presented to the Malian public. We believe that this is a particularly critical issue in Mali, given the relatively quick transition of the country's export base from its previous overwhelming dependence on cotton to now having gold as its leading export. If Mali's citizens are to profit in any real sense over the long term from its gold, the revenues that gold generates must be transparently managed and equitably distributed.

Information disclosure alone, however, is not enough. An important counterpoint to better information on mining revenues is a strong civil society that is informed and can hold its government accountable for using these revenues appropriately. We hope that this report will help support greater Malian civil society engagement with the mining industry and the government on these issues. Through support for our partner organizations in Mali and our ongoing advocacy with the corporations and financial institutions involved in Mali's mining sector, Oxfam America seeks to play a constructive role in this discussion.

It remains to be seen whether Mali will avoid the pitfalls that other countries dependent on natural resources extraction have encountered (notably, and most recently, Mali's neighbor Chad) and will convert its gold into true wealth for its desperately poor population. There is no magic formula; a multiplicity of factors may ultimately end up determining the outcome. Transparency and civic engagement on the use and distribution of mining revenues will, however, be a critical component of the equation.

Keith Slack, Senior policy adviser
Oxfam America
Washington, US

Mamadou Biteye, Regional director
Oxfam America
Dakar, Senegal

December 2006

Inside the Sadiola Hill Mine, sulfide ore from the pit is transported to the processing plant. The plant operates 24 hours a day, generating $20 million in profits annually (based on 2004 figures).

BRETT ELOFF/OXFAM AMERICA

“They call it the Golden Road, but it is really bad. With all the money from mining, why can’t they fix this road? Where is all the money going?”

Balla Sissoko, mayor of Sadiola, Mali

A woman walks on the main road from Kayes to Sadiola as the cloud of dust from a passing truck recedes. The mayor of Sadiola reports that the dust from this road and from the mine waste dumps is becoming an increasingly serious public health issue. Since mining began, traffic on the main road has increased dramatically. All of the equipment and large tankers of fuel used for the diesel generator that powers everything in the mine are brought down this road by truck. People in the community worry not only about the dust it produces, but also about the condition of the road and the increase in accidents that strain local emergency services.

1 Introduction

Mali was once the center of ancient empires that stretched from the Sahara to Senegal on the West African coast. It was a crossroads for trade, particularly in gold, and its cities of Djenné and Timbuktu were thriving places of learning. Following over 100 years of French colonial administration and redrawn borders, Mali is now landlocked and struggling to overcome poverty. Although Mali became independent in 1960, it was not until 1992 that a democratically elected president took office. Since then Mali has had a civilian government. Mali also has a free press with many privately owned newspapers and radio and television stations, as well as state-run media.

Although Mali is one of Africa's biggest producers of cotton and has substantial reserves of gold, it remains 174th of 177 countries in the 2005 UN Development Project (UNDP) Human Development Index.[2] On Transparency International's Corruption Perception Index (CPI), Mali rates 77 of 145, with 145 representing the most corrupt country in the index.[3]

During the period of 1998–2003, Mali experienced an average growth in real gross domestic product (GDP) of 6.22 percent.[4] Ghana, a major gold-producing country in West Africa, by comparison had been stuck at an average GDP of around 4.5 percent and reached 5.2 percent in 2003.[5] In spite of this—and Mali's debt relief of more than $500 million as a Highly Indebted Poor Country (HIPC)[6]—progress on the Millennium Development Goals (MDG) has been slow. Roughly 70 percent of Malians live below the extreme poverty level of less than $1 per day, and 90 percent live below the $2-per-day poverty line.[7] Mali rates 136 of 140 on the gender-related development index. Male adult literacy is 26.7 percent, and female adult literacy is just 11.9 percent.[8] These data suggest that any potential benefits from gold mining have not trickled down to the greater population. They also present a challenging context in light of the World Bank's stated intent to consult widely on the upcoming revisions to the Mining Code. Diverse and creative techniques of disclosure will be necessary for citizens to participate fully in any revisions to the Mining Code, and to translate information into civic action.

Aims of the study

This study was commissioned by Oxfam America, a member of the Publish What You Pay (PWYP)[9] campaign, which calls for governments and companies to disclose revenues generated by oil, gas, and mining projects. PWYP led to the development of the Extractive Industries Transparency Initiative (EITI), announced by British Prime Minister Tony Blair at the World Summit on Sustainable Development in September 2002. Both these initiatives reflect increasing international recognition of the importance of transparency as a first step toward ensuring that the benefits of natural resources are not squandered by a select few, but spread to the populations at large in the countries from which they are extracted.

Transparency runs the risk of becoming the latest fad in international development.


BRETT ELOFF/OXFAM AMERICA

Its growing importance has arisen from the relative lack of success in recent decades of efforts to promote development and poverty reduction. Development analysts have attributed these failures at least in part to a lack of clarity on how governments in developing countries spend budgetary resources.

The need for transparency is particularly strong in countries engaged in extractive industries (EI), which include oil, natural gas, and minerals. These commodities are in high demand in world markets and are frequently produced in remote or environmentally sensitive places where monitoring can be challenging. They also attract a lot of attention—from investors, international financial institutions like the World Bank, and nongovernmental development and environmental organizations. All these stakeholders are demanding greater transparency in countries with weak regulatory or legal regimes, or poor enforcement of existing laws and codes. But increasing transparency must be done in ways that allow citizens to understand and monitor how EI revenues are distributed back to communities producing the commodities; otherwise it will not result in long-term public confidence in EI's potential to reduce poverty.

Many governments and large companies in the EI are taking on an active role in the EITI.[10] The GOM was not, however, present as a participant or as an observer when

Tamaki Dembele, chief of the village of Sadiola and his entire village of 250 people was relocated in the mid-1990s. There are now more than 10,000 people living in the area, including many who have come looking for work at the Sadiola Hill Mine.

the EI was formed.[11] The World Bank has also taken a strong position of support for the EITI, stating that "transparency is the key to development in resource-rich countries," such as Mali. Nevertheless, transparency is not a core condition of lending. Indeed, the EITI does not require but only "encourages" governments and private companies as well as NGOs to "voluntarily develop a framework to promote transparency of payments and revenues."

In the case of Mali, World Bank officials have confirmed that they seek to promote transparency and that the government of Mali (GOM) is receptive, but *this is not a condition of assistance.*[13] A recent management response from the World Bank Group to the Compliance Adviser Ombudsman (CAO) on sustainability in the EI noted that steps would be taken by the Bank "to require transparency about EI payments to government and the terms of key contracts with governments for all 'significant' new projects."[14] As of Jan. 1, 2007, all companies receiving financial support for extractive industry projects from the World Bank Group will be required to disclose revenue payments to the government.

Oxfam and its partners are pressing governments in some countries to increase revenue transparency and invest revenues in ways that will have greater benefits for the poor. Numerous studies have alerted civil society to the reality that many countries like Mali that are relatively rich in mineral resources remain poor when assessed in terms of development indicators such as health and education. Without information about the nature of agreements between government and business, as well as laws and practices that aim to ensure that benefits will reach the population (especially the poorer segments), civil society alone cannot hold governments and companies accountable.

Many countries like Mali that are relatively rich in mineral resources remain poor…in terms of development indicators such as health and education.

The objectives of this research project are the following:

- Provide a better picture of how extractive revenues are managed by the GOM.
- Identify current laws relating to disclosure and current disclosure practices of companies operating in Mali.
- Develop proposals for increasing revenue transparency by governments and corporations.

We begin this report with a description of our methodology, including our definition of transparency and our approach to the research. Following this, we discuss the context for gold mining in Mali in Section 2. In Section 3, we consider the legal framework for mining, the forces that influenced the current framework, and mining revenues and expenditures. We also discuss current efforts to revise the Mining Code. We then proceed to review the role of the World Bank in Section 4 and to examine the corporate context for gold mining in Section 5. Here we focus on the case of the Sadiola Hill project, one of Mali's largest and longest-operating mines. In Section 6, we address the benefits from mining to communities near operating industrial mines. Finally, in Sections 7 and 8, we present our conclusions and provide recommendations for future action.

Methodology

For the purposes of this study, we defined transparency as ease of access to information about mining revenues, access to specific technical documents, and access to specialized information sources in government and at the international financial institutions (IFIs). We had further intended to rate transparency at these three levels on a scale that is simple and accessible to a wide population and not limited to "experts" in analysis. Efforts at any in-depth assessment of transparency in the management of revenues were, however, put to rest early in the study with the team's inability to obtain information about mining revenues from the GOM. *Although the EITI is clear in its recommendation that reporting is envisaged as tripartite—reporting by host governments, reporting by companies, and analysis by a third party[15]—we confronted a widespread belief that it is really the government's responsibility alone to take the lead in publishing its revenues and expenditures.* Notably, IFIs appear to be excluded from this reporting process.[16] There is also no requirement by the World Bank, for instance, for any conditions requiring transparency during its negotiations with governments, unless the particular project represents a "significant" (10 percent or more) portion of the government's revenues. This requirement does not apply in the Malian case.

As information was not always available, and is in any case dispersed among various bodies, we have attempted to focus instead on visible practice. We have tried to deepen our understanding of the context in which government, companies, and civil societies are working and the possibilities for increased transparency in the mining sector. The focus of the study was therefore on an understanding of the written law and observation of practice. We also sought out evidence of benefits and hazards to communities as a result of mining revenues. Finally, we focused on one case example, that of SEMOS (Société d´Exploitation des Mines d'Or de Sadiola, Sadiola Hill Mine) in the Kayes region, in an attempt to achieve some depth of understanding across local, regional, and national levels.

The study thus draws upon existing work by the World Bank and the International Monetary Fund (IMF) that are available to the public. Although we experienced some difficulty in acquiring information directly from the Malian government, we found that the Malian press covered the basic facts surrounding mining fairly thoroughly, but drawing mostly from company sources. Examples are included in the report.

In addition to reviewing documents to which we had access, we used interview data concerning disclosure and the still-present gap between stated intent as set out in the evolving Mining Code and current practice. We derived this complementary informa-

tion from in-depth interviews in Mali in July 2005 with key individuals in strategically important national ministries,[17] representatives of multilateral and bilateral agencies, representatives of international corporations with an interest in mining in Mali, and representatives of national and international NGOs active in Mali.

Furthermore, the research team carried out field studies at the Sadiola Mine and in the Sadiola community. Interviews were conducted with Sadiola's senior and middle management on their views, especially relating to issues of transparency and environment. The Sadiola visit included lengthy conversations with the mayor of Sadiola, the deputy mayor, and the municipal official in charge of finances. All were very free in expressing both their concerns and aspirations regarding the future of Sadiola Mine and the Sadiola community. The original plan had included a similar visit to Syama Mine. This did not prove possible for logistical reasons.[18]

Several conditions limited this study. Perhaps the single most important of the limitations is that the team had great difficulty getting even the most basic information from the GOM. Interviews revealed that, at least in part, this is attributable to the effects of an

Hundreds of thousands of tons of earth displaced by the digging of the open pit at Sadiola Hill Mine are encroaching on agricultural fields, forcing farmers to travel long distances to areas where they can grow their corn, millet, and groundnuts.

earlier study sponsored by Oxfam. It appeared that government officials themselves may not have had easy access to information about benefit streams as outlined in the EITI. Similarly, the team was unable to interview one major corporate actor in depth. This corporation also happened to be the focus of the earlier study.

Typical of studies of multinational corporations, an important challenge for the outside investigator is to sift out the specific role of a particular mining company at a particular site from the combination of investors who own and/or operate mines. There are currently only five gold mines in operation in Mali: Sadiola, Yatela, Morila, Kalana, and Loulo. In this case we have focused on Sadiola Mine, which is operated by AngloGold Ashanti (AGA), which is also the largest operator in Mali through its shares in Sadiola, Yatela, and Morila, as well as in some exploration concessions.

TOBY ADAMSON/OXFAM

“ L’or rapelle la grandeur des empires maliens.”

“ Gold brings back the memory of the Malian empires.”

“In 1999 we had one small health center. But since…the increase in mining revenue we have built four new health centers near the border with Senegal.”

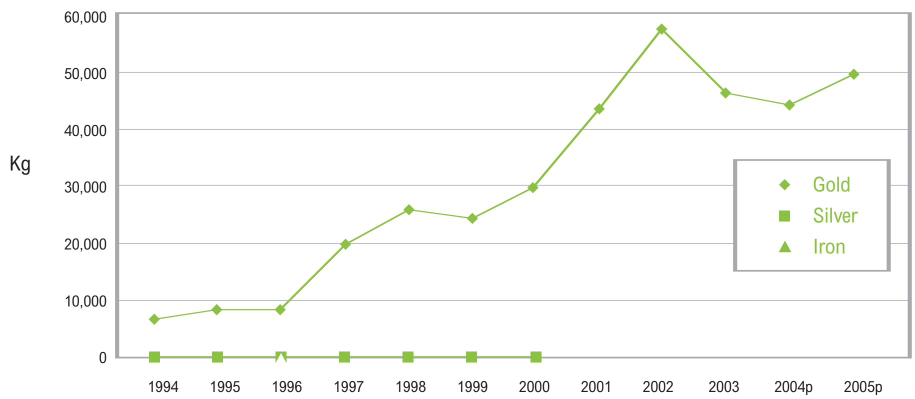
Balla Sissoko, mayor of Sadiola, Mali

Photo of man cutting "bush" gold (gold which still contains a high proportion of mercury) prior to processing. Artisanal mining in Mali employs as many as 200,000 people. Increasing industrial mining in Mali requires policies that will address the loss of livelihoods for these small-scale miners.

2 Gold Mining in Mali

The story of gold extraction in Mali goes back to ancient times and is still surrounded in myths. A recent commentator states that "*l'or rappelle la grandeur des empires maliens*" ("gold brings back the memory of the Malian empires").[19] Gold in Mali has now surpassed cotton as the single largest source of revenue, outpacing cotton in the last five years. In addition to gold, Mali has several other mineral resources including diamonds, iron ore, bauxite, and phosphate.

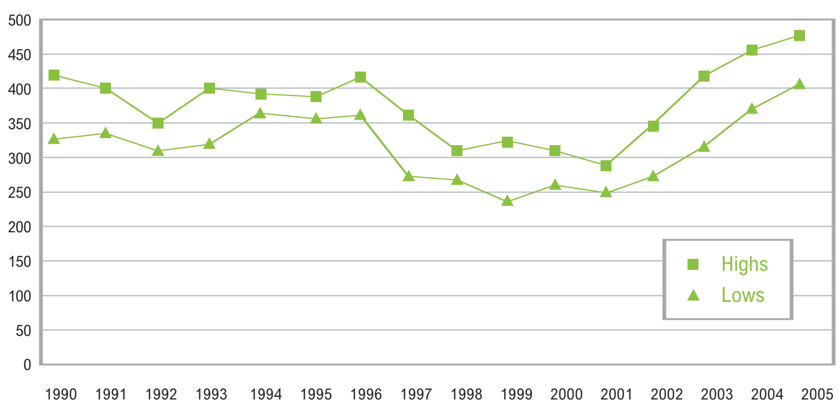
Mali: Gold, Silver, and Iron Production



Source: US Geological Survey (USGS) reports aggregated from 1994 to 2003, and projected by USGS to 2005.

Throughout much of the 20th century, gold prices remained stable and relatively low, until 1971 when President Richard M. Nixon ended US dollar convertibility to gold. The dollar and gold floated, and in 1980 gold reached a record high of $850 per ounce. During the 1980s and much of the 1990s, gold prices rarely fell below $300 per ounce. A dip to below $300 occurred during the 1997–2002 period, but gold has been recovering since.

Price of Gold, 1990–2005, Highs and Lows



Source: http://www.kitco.com/scripts/hist_charts/yearly_graphs.cgi, downloaded Nov. 16, 2005.

The demand for gold jewelry is experiencing a resurgence, and accounted for three-quarters of gold produced over the first half of 2005. This increased demand has occurred in spite of increases in the price of gold. In the US alone, the 12-month period ending June 2005 registered a record high of $38 billion spent on gold jewelry.[21] Significant increases in demand also occurred in India, China, and the Middle East.[22] The combination of increased demand and increased prices is likely to draw investors to further extraction.

Higher world prices are associated with greater production and far higher profits per ounce. Mali is a relatively low cost gold producer, and the significance of gold prices for companies operating in Mali can be understood by considering the case of Morila Mine (Table 2.1).[23]

Table 2.1 Morila Mine, 2004–2005

	Quarter ended June 30, 2005	Quarter ended June 30, 2004
Total cash costs (US$ per ounce)	176	238
Average price received (US$ per ounce)	430	332
Ounces produced	165,359	86,081
Cash profit (US$)	40,813,000	9,070,000

Artisanal and industrialized mining

Before industrialized mining became established, artisanal and small-scale mining had long existed in Mali and represented the majority of gold produced in Mali. These family-based mining activities employ rudimentary extraction methods that in recent years have included the use of dangerous chemicals to facilitate processing, including cyanide, arsenic, and mercury. Nevertheless, artisanal and small-scale mining remains an active and growing sector that provides the means for many people to earn a living. Artisanal mining represents about 18 percent of all gold produced in Africa.[24] In Mali, the numbers of artisanal and small-scale miners are estimated at well over 100,000[25] and possibly as high as 200,000.[26]

Approximately 50 percent of artisanal miners in Mali are women, and 90 percent of minerals processing is done by women.[27] High levels of female involvement in mining in Mali are attributed to traditional associations with gold mining,[28] as well as severe droughts and generally poor economic opportunity that have driven "non-miners" to artisanal mining. Artisanal mining degrades the environment and has a high incidence of harmful child labor.[29] Artisanal mining is legal in Mali, and rights may be obtained through payment of a licensing fee.[30]

The continued existence of artisanal mining confirmed, prior to the beginnings of significant industrial exploratory work, that Mali had substantial reserves of gold-bearing ore, relatively near the surface.

In contrast to widespread artisanal and small-scale mining, there are very few active industrial gold mines in Mali (Table 2.2).

Table 2.2 Active Industrial Gold Mines in Mali

Industrial gold mines	Ownership
Sadiola Hill (Sadiola, Yatela, Almatulla)	AGA (38 percent), IAMGOLD Corporation (38 percent), International Finance Corporation/IFC (6 percent), GOM (18 percent)
Morila	AGA (40 percent), Randgold Resources (40 percent), GOM (20 percent)
Loulo	Randgold (80 percent), GOM (20 percent) (began production Sept. 28, 2005)
Kalana	Avnel Gold Mining (80 percent), GOM (20 percent)
Syama (currently under "care and maintenance," but scheduled for continued extraction)	Resolute Mining (80 percent), GOM (20 percent)

Modern industrialized mining and processing dates from the publication of the first Mining Code in 1970, which opened Mali up to exploration and ultimately active mining by foreign mining interests. The Kalana Mine was financed by the USSR. It accounted for about 8 percent of Mali's total gold production, with artisanal and small-scale mining accounting for the rest in 1990. However, large-scale industrial operations began following the codification of laws relating to mines in 1991. The Syama Mine began gold production in 1990[31] and accounted for 55 percent of total gold production by 1994.[32]

New and positive results on the quality and quantity of gold in Mali indicate the vast potential for gold mining in the country.[33] In mid-2005, new findings of high-quality ore were announced. Avnel has recently reported findings of 45.9 grams per ton (g/t) over 4 meters and 73.6 g/t over 2 meters. Other results from drilling on the Kalana exploration permit included grades of 8.3 g/t over 22 meters and 5.4 g/t over 36 meters.[34] Also in August, Etruscan Resources, a Canadian exploration company, announced the discovery of even higher qualities of ore, including 23.2 g/t[35] over 18 meters, 117.9 g/t over 3 meters, and 1 meter of 32.2 g/t. In September, North Atlantic Resources reported finding high-grade ore in their drilling of 9.32 g/t.[36] These findings, alongside the increasing demand for gold jewelry globally, indicate that the timing may be right for exploration companies to find investors to support the large-scale extraction of gold in these areas.

On the other hand, the World Bank's projections indicate a decline in potential gold production even with new mines coming onstream between 2005 and 2011.[37] This position recognizes that in spite of low production costs in Mali, no new mines have opened for several years.

Nevertheless, exploratory drillings are still being undertaken in many parts of Mali, including in places where there is artisanal and small-scale mining. A decision will have to be made about how the small-scale miners will be compensated if a number of industrial-scale mines are to open. There are now a total of 64 mining companies operating in Mali. (See Appendix C for a list.)

Economics of mining

Over the last 10 years, gold has become the most economically significant resource in Mali, accounting for more than 50 percent of the country's 2003 total exports of US$927 million. Mali's boom in gold exports, supported by high gold prices, has put Mali in a more comfortable position with respect to foreign exchange reserves.

A family in Sadiola gathers to share their midday meal of sorghum. Mali, one of the poorest countries in sub-Saharan Africa, is attempting to use its mineral resources and climbing gold prices to increase its foreign exchange earnings, and make up for a slump in agricultural commodity prices for cotton, formerly Mali's top export earner.

Gold mining contributed 2.9 percent to Mali's GDP in 2002 and 12.7 percent in 2004. In 2003, mining's share of GDP was 15 percent.[38] Exports of gold have also increased from 18 percent in 1996 to 65.4 percent in 2002, while cotton exports have declined from 61 percent in 1996 to 22.4 percent by 2002.[39]

While gold prices were on the rise and production was increasing, cotton, the other major contributor to Mali's GDP, was facing declining terms of trade[40] and competition from large-scale producers such as Brazil and India.[41] Nevertheless, the agriculture sector as a whole still accounted for 36 percent of GDP while gold accounted for just 10.7 percent, and a very small labor pool, in 2003.[42] In addition, of an estimated 5.2 million working people in Mali, 3.9 million work in the agricultural sector and 1.2 million in the informal business sector.[43] It is estimated that there are 200,000 artisanal and small-scale miners in Mali, and about 50 percent of them are women.

The current context for large-scale industrialized gold mining in Mali can be traced to 1991, when the establishment of a new Mining Code coincided with other broader economic and political changes such as the end of the Traore dictatorship and of Soviet financial support. After independence in 1960 and prior to 1991, industrial mining was primarily the state's domain. In 1988 the Malian government signed an economic

Over the last 10 years, gold has become the most economically significant resource in Mali, accounting for more than 50 percent of the country's 2003 total exports.

reform package with the IMF, and by 1995 Mali had been the recipient of three enhanced structural adjustment facility (ESAF) loans. During these years, consumer prices rose 25 percent in 1994, and real economic growth was low (2.5 percent).

From 1988 to 1996, the government privatized 16 enterprises (including water and electricity), partially privatized 12, and liquidated 20 more.[45] Even more institutions, such as the National Department of Geology and Mines (DNGM), were restructured. When the IMF stepped in, so did the austere Washington Consensus, which contributed to fostering private mining industry activity. Price controls were eliminated on consumer goods, including petroleum, in 1992. Import quotas and export taxes were dropped in 1988 and 1991. The Commerce Code and Mining Code were established in 1991. A new constitution was enacted.[46] After the privatization reforms of the early 1990s, the Malian government used its option to own shares in the emerging industrial mining enterprises; Société d'Exploitation des Mines d'Or de Kalana (SOMIKA) and Société d'Exploitation des Mines d'Or de Yatela are examples of these.

The influx of larger mining interests created important challenges with respect to artisanal miners in Mali. The Mining Code gives the GOM clear rights to lease land for exploration even when the land is being used by artisanal miners, and the GOM has indeed asserted that right. Officials we interviewed recognize this issue, and some efforts have been made, such as the one in the Kayes region, to create a "corridor" that will be available to artisanal miners. Artisanal and small-scale miners are not, however, aware of the perimeter of the corridor because there is no physical boundary, so they are in practice unable to respect such boundaries.

The question of how artisanal miners' livelihoods will be treated with the expansion of large-scale mining remains to be addressed. Indeed, it is a key component of the World Bank's current Growth Support Project. See below for more discussion on this topic.

Sources of information on mining revenues

The principal source of information on mining revenues is the newspapers in Mali. For instance, the open meeting that SEMOS held for journalists in May 2005 was covered extensively, with presentation of exact figures about ownership, dividends, and the contributions to the national budget.[47] In 2004, the state-run paper, L'Essor, ran a special edition on Independence Day, in which the mining sector and its contributions were discussed with financial data.[48] Local press coverage appears principally to report the data that companies provide. The result is largely a favorable presentation of mining as a benefit to the country. The international press has been more critical but has relied on a small sample of individual points of view.[49]

Sample Titles of Articles in Malian Press on Mining Revenues

L'Essor (State Newspaper)

Sadiola Mines: A Generally Positive Situation, May 11, 2005

Mines: SECNAMI Envisions Responsibility, May 18, 2005

Gold Production: A Speed-up in Communication, May 19, 2005

Mines: Big Source of Public Revenue, May 26, 2005

Morila Gold Mine: Two Faces of Adornment, Aug. 8, 2005

Nouvel Horizon (Private Newspaper)

Gold Production in Mali: FCFA 300 Billion, Equalling 67 Percent of National Export Revenue, May 18, 2005

Morila Gold Mine: FCFA 220 Billion in Dividends to Shareholders, 250 Billion Contribution to the Malian Economy, Aug. 4, 2005

Info-Matin (Private Newspaper)

Aid and Mutual Assistance at the Miners, March 16, 2005

Le Malien (Private Newspaper)

Mineral Resources: An Unexploited Potential, June 22, 2005

Notably, most citizens of Mali are not able to read these newspapers, as literacy rates are very low. The research team was unable to identify any radio discussions of mining revenues. At the community level, although the officials we interviewed were able to state how much they received as their share of mining revenues, they were not aware of the percentage of revenues to which they were entitled from the central government.

The companies themselves sponsor periodic (twice a year) public meetings when interested groups may receive information from the company and pose questions. Government officials are present at these public meetings. Some NGOs argue that only high-ranking government officials attend these meetings, while lower ranking local officials lack the financial means to participate and avoid doing so. Moreover, the meetings themselves do not provide access to verifiable information. Meetings are held at the mine site, and Sadiola transports journalists and others from Bamako. Nevertheless, some NGOs interviewed by the team noted that they were not invited and believed they could not attend these meetings. SEMOS, which operates the Sadiola Mine, countered with the view that every NGO is invited, that none have been turned down, and that one international activist opposed to gold mining attended and was able to express her point of view.[50] In Bamako, the GOM sponsors a "Mining Dialogue" that is open to the public, and company representatives are available to provide updates and answer questions. These meetings have been criticized by some NGOs as mainly dialogues between the government and mining companies, in which the Ministry of Mines openly favors the companies' position on key issues. They also charge that few NGOs are invited to participate in the dialogues.

It is very difficult for individuals and citizen groups to engage with the well-informed mining companies… .Indeed, the law itself does not provide any specific guarantee of information regarding mining revenues to citizens.

A major issue with large open sessions is that it is very difficult for individuals and citizen groups to engage with the well-informed mining companies for at least three reasons. First, they are not sufficiently well versed in the law and its implications with respect to citizens' rights to information and benefits. Indeed, the law itself does not provide any specific guarantee of information regarding mining revenues to citizens. Second, the complexity of the laws and regulations concerning mining revenues and distribution to the population (elaborated in Section 4) require higher levels of expertise, literacy, and communications infrastructure simply to explain what these are and communicate them to the diverse Malian public. Third, even if all that information were available in the desired form, there is not an organized forum with the capacity to engage with companies in a coordinated way. For instance, the association of mining companies does not have a corresponding association of civil society groups monitoring mining activities. Some NGOs are engaged on mining issues, but they lack sufficient resources to do this in a sustained and effective way.

An additional complexity is that information about mining revenues and disbursement is located in and the responsibility of multiple arms of the government. For instance, the Mining Code lays out the rules for the activities of the Ministry of Mines, but it is the Finance Ministry that receives the revenues from mining and the Ministry of Administration and Decentralization that is responsible for distribution of revenues to the regional and local levels. Each ministry operates under its own set of laws that are autonomous and exist separately from the Mining Code. Understanding this complex web of laws and bureaucracies is essential for citizens to understand their rights, for citizen groups to monitor the government and/or the companies, and for citizens to have the capacity to ask questions at information forums.

BRETT ELOFF/OXFAM AMERICA

“We got…compensation enough to cover one year’s worth of cultivation. But what are we to do for the rest of our lives? We have no farmlands.”

Tamaki Dembele, chief, village of Sadiola, which was displaced by the Sadiola Hill Mine

The vast scale of the Sadiola Hill Mine is suggested by the truck dwarfed in the foreground of this photograph of a single section of the mine’s pit. The entire pit measures 2.5 kilometers (1.5 miles) in length, 1 kilometer (about 0.6 mile) wide, and 130 meters (430 feet) deep.

3 Legal Framework for Mining in Mali[51]

The Malian Mining Code was revised in 1991, creating a friendly climate for foreign investment in mining. The State still owns all mineral rights and allocates them through three-year permits to companies interested in exploration. The initial agreement between the government and interested parties, *Convention d'Etablissement,* sets the conditions (taxes, state equity participation, reporting, etc.) under which exploration will occur, and also covers conditions in the event of discovery and exploitation of a resource. Companies pay no corporate tax for the first five years and import equipment duty-free throughout exploration and for three years of exploitation. After five years, there is a 35 percent tax, but that is reduced when profits are reinvested in Mali. The government's equity is limited to 20 percent (10 percent free of charge), and capital and dividends may otherwise be repatriated.

Evolution of the Mining Code

The first Mining Code in Mali was instituted in 1970 when the predominantly agricultural economy of the time was severely affected by a major drought in the region. Although most mining in Mali was principally small-scale at that time, the government integrated mining into its development plan. The 1970 Code was the first opening of Mali's mining sector to private investment.

Particularly after the change of government in 1990, due in part to the economic pressure of the severe drought, a very different attitude toward partnership with foreign interests emerged. There was a swing away from the statist approach of mines being owned and operated by the government. Thus the 1991 Code emphasized the creation of an investment-friendly climate that would attract foreign investment in mining, and limited the state's ownership role.

Institutional changes were also made. The DNGM (part of the Ministère des Mines, de l'Energie, et de l'Hydraulique) was reorganized and became the focal point for all technical matters related to mining. Even following this revision, there was not much interest on the part of investors. Only two companies began operations, and they did so in the two areas that had already been established as having resources that were commercially exploitable and economically profitable. These were Société des Mines d'Or de Syama (SOMISY) and SEMOS (Sadiola). Many other licenses were granted, but those companies were not able to find investors to support exploration activities.

The Mining Code (1991), introduced soon after the emergence of Mali as a more democratic republic, sought to provide a legitimate regulatory climate for the industry. It also had a clear political intent, which has indeed been shared by all subsequent efforts to strengthen the Code. The stated intent was that Mali's gold would benefit the nation as a

whole. This was presumed to mean that as each mining venture opened and revenue began to flow, the GOM through the Ministry of Mines assumed a share of the equity in each case and a place on the board of each new venture.

One further indication of the changed attitude to external investment was the 1995 decision to privatize the Kalana Mine, itself the product of the pre-1990 socialist government. Kalana was originally a state-owned and state-operated venture drawing on technical assistance from various outside sources.[52] Subsequently, this reform had an impact on the 1999 revision of the Code. The private sector was now defined as the "motor of development," and the role of the state was redefined, giving it a broadly protective function with a particular focus on geological research while foreign investors would take on *les risques d'entreprise*. The exploratory and venture aspect of opening up new mining situations would be transferred to the foreign company, the role of the GOM becoming, to a greater extent than before, supervisory.

In 1992, Mali engaged in a program of reform in collaboration with the International Development Association (IDA) to finance a project to assist the development of the mining sector. The *Projet d'Assistance Technique au Secteur Minier*, or PATSM, led to further reformulation of the role of the state principally as one that is concerned with installing basic

Large ridges of earth removed from the Sadiola Hill Mine pit create a backdrop for traffic on the road outside the village of Sadiola. Community leaders in Mali are calling for changes to the legal framework for mining that will encourage investment of mining revenues into infrastructure, like better roads and other improvements, in communities directly affected by mining.

infrastructure; promoting the mining sector; building a strong legal and institutional framework; and training in the application of the legal provisions, as well as the enforcement authority in the event of noncompliance. The private sector was to assume business risks and to bring financial, material, and human resources to develop the industry in Mali through simple, clear, and transparent rules enacted by law *(dans le cadre de regles simples, claires, et transparentes edictees par l'Etat).*[53]

However, the state did not leave the affairs of business entirely to foreign investors. It also retained the right to ownership of *up to* 20 percent of any mines developed, with the

The Mining Code of 1991 was introduced soon after the emergence of Mali as a more democratic republic. …The stated intent was that Mali's gold would benefit the nation as a whole.

assurance of 10 percent ownership free of charge, as a right of the state. The GOM's purchase of up to 10 percent in addition to the 10 percent that is granted required loans provided by the companies themselves. While we were able to ascertain that loans were taken, we were unable to get confirmation of the process by which the financing occurred.

Our research revealed that the mechanisms by which the GOM purchased the additional shares (i.e., up to 10 percent in addition to the 10 percent granted by law) may be linked to both corporate law and the OHADA *(Les Actes Uniformes pour l'Harmonisation du Droit des Affaires en Afrique),* of which Mali is a member.[54] When the company is registered as a particular type *(société anonyme)*, the government must pay some amount for its shares over the first 10 percent. It can pay as little as 25 percent of the value of the shares. Corporate laws for such companies give them the power to effectively undersell their shares. In all cases there must be some payment, however. The bottom line is that the GOM must have purchased its additional shares for a specific amount, and that amount could be as little as 25 percent of the value[55] or it could be more, depending on how it was negotiated with each company.

Later revisions of the Mining Code, up to 1999, sought to find the right balance between the openness of the 1991 Code, the need for foreign investment to exploit mineral resources, and the interests of the GOM in protecting the rights and ensuring benefits to the Malian peoples. There clearly emerges a double and somewhat contradictory role for the GOM: On the one hand, post–1991, there is an overt intent to attract external capital and expertise to expand the industry. On the other hand, the GOM has stated that it is committed to ensuring adequate benefits to Malians from the expanding gold–mining industry.

The current Mining Code

The current Mining Code is composed of six different laws and regulations that build on the 1991 Mining Code.[56] This group of documents, constituting the current Mining Code, is henceforth referred to as the Code. The Code imposes no restrictions on transparency. Even the state's agreement to hold confidential any geological findings may be withdrawn at the request of the title holder (the company). The state negotiates the terms of operation of each company as part of its licensing process, and several fees are levied on the company during this process.

Fees From the Mining Code

Article 103 provides fees and permits associated with opening and extraction from pits and permits connected with artisanal and small-scale mining. It also provides for payments to be made when rights are transferred from one party to another, as follows:

- Start or renew authorization to open a pit or to extract from a pit:
  —to open a pit, 5,000–100,000 CFA (Central African Franc)
  —to extract from a pit, 500,000 CFA
- License to prospect, 400,000 CFA
- Renew authorization to prospect, 400,000 CFA
- Conduct research independently on the surface, 500,000 CFA
- Renew a permit of research and at each renewal, 500,000 CFA
- Deliver or renew of an authorization for artisanal extraction, 2500–10,000 CFA
- Issue a permit for extraction of a small mine, 1,000,000 CFA
- Renew authorization to extract from a small mine, 1,500,000 CFA
- Deliver a permit to extract independently on the surface, 1,500,000 CFA
- Renew a permit for extraction, 2,000,000 CFA
- Added value of transfer or transmission of a mining title for research or extraction, 20 percent

Article 105: The mining products are subjected to a "Special Tax on Certain Products (ISCP)," at the rate of 3 percent. The chargeable base of the ISCP on the mining products is the sales turnover net of tax.

Source: Articles 103 and 105, Mining Code, Kone, 2005.

The *Convention d'Etablissement* is the agreement between the company and the GOM, which lays out the conditions under which mining companies are to operate in Mali. There is a standard *Convention d'Etablissement* with 38 articles, and these lay out the general, economic, financial, tax, and social requirements under which a company will carry out its exploration and extraction of resources.[57] However, each *Convention d'Etablissement* is individually negotiated between the company and the GOM, and therefore may be different from the standard in particular respects.[58] Such unique features of certain agreements indicate that the Mining Code alone is not sufficient to explain to citizens the exact nature of the arrangements agreed to by the GOM and investing companies.

On Confidentiality Protection

The current Mining Code does not prohibit companies from disclosing revenues, taxes, or any financial information.

The Code does protect (Article 76) documents, samples, and information concerning samples for up to three years after expiration of the title. During this time, confidentiality may be waived if the company so desires.

The confidentiality provision in Article 76 does not cover information about health, safety, or the environment, which means that information in these areas cannot be held confidential.

Source: F. Dembele Kone, 2005.

The displacement and relocation of people in order to permit mining operations are also covered under Article 76. It is a right of the title holder (company) to express the need for relocation of people in areas where extraction is planned. However, any displacement or relocation of Malians can only occur with the agreement of the GOM. Relocation sites are to be chosen in agreement with the population and the GOM. No further specifics are provided in the Code.

A mine worker walks along the edge of the vast Sadiola Hill Mine pit. There are currently no legal requirements for mining companies to set aside funds for mine closures, nor are there detailed legal guidelines on the responsibilities of companies to rehabilitate lands after a mine closes. In other words, even when a mining company closes a mine, the company is not required to refill these vast pits or remove any waste generated.

Similarly with respect to the closing of an industrial mine, there are no detailed guidelines about responsibilities of the companies, and no legal requirement to set aside funds to support closure plans. There is a general condition that equipment will be turned over to the state and that the companies have an obligation to rehabilitate the environment to a point where it can be put to some constructive use, but that is not defined. Indeed, government officials expressed the view (shared by some company officials we interviewed) that it is impossible to predict the exact conditions of the pit at closure. AGA, which is the single largest company operating in Mali, does set aside funds for mine closure as part of its own policies.[59]

Companies also have the obligation to respect hygiene, safety, and public health; the conservation of the grounds and of the flora and fauna; the conservation of the transportation routes; the solidity of the buildings; and the use, flow, and the quality of water of all nature (Article 69 of the ordinance).

The Mining Code addresses artisanal and small-scale miners. The Code gives the GOM ultimate rights to land, and there is no legal protection for artisanal and small-scale miners who are operating on land that may be deemed ready for industrial mining. Resolution to the question of how artisanal and small-scale miners will be compensated is an outstanding challenge. Special activities and mobilization of these miners will be required to ensure their rights to a healthy livelihood are protected under any new legislation.

Revenues from mining

The six laws and regulations that constitute the Mining Code have resulted in a complex set of taxes, fees, and license charges that are effectively incomprehensible to those without the appropriate technical background. In the Malian case, the combination of low literacy, poor physical infrastructure, and inadequate electronic communications capacity make it nearly impossible for citizens to be informed about revenues and how they are expended to benefit the public.

SEMOS, for instance, pays 17 different taxes with different payment schedules. These are based on the 1991 Code, which was in force at the time of the negotiation of the *Convention d'Etabilissement* between SEMOS and the GOM.[60]

Table 3.1 List of Taxes Levied on SEMOS[61]

Description	Basis of calculation	Rate (%)	Frequency
CPS	Gross revenue (gold sales)	3	Monthly
Advalorem	Gross revenue (gold sales less refinery costs)	3	Monthly
ITS—tax on salary	Gross salary less nontaxable premium + 50 percent of fringe benefits		Monthly
CFE—employer contribution	Gross salary, including fringe benefits	7	Monthly
TL—housing tax	Gross salary, including fringe benefits	1	Monthly
TFP—Training contribution	Gross salary, including fringe benefits	0.5	Monthly
INPS—social security (employer)	Gross salary less nontaxable premium	20.4	Monthly
INPS—social security (employee)	Gross salary, including fringe benefits, less nontaxable premium	3.6	Monthly
Estate tax	House rental fees	15	Monthly
Patent tax	Tangible assets value used for mining operations	0.5	Annually
Insurance tax	Value of insurance paid	4.2	Upon each insurance payment
Withholding tax	Paid when suppliers are not registered in Mali. Based on value of transactions with suppliers	17.5	Monthly
Custom duties	CFA value of goods imported	7.5 to 22.5	When goods are imported
Corporate tax provision	Fiscal profit of the year and corporate tax	35	Prepayments made in March, July, and November based on the previous year's profit
VAT—recoverable	Value of transactions	18	Monthly
VAT—not recoverable	Value of transactions	18	Monthly
IRVM—tax on dividends	Dividends paid to the government	10	Upon dividends payment

The Summary of Taxes box reflects the standard *Convention d'Etablissement* laid out in the 38 articles of the current Mining Code.

Summary of Taxes Associated With Mining

Exploration Phase:

- Taxes on salaries and social security only

Construction Phase:

- Taxes on salaries and social security only

Exploitation Phase:

- First three years, same as exploration and construction phases
- Then 6 percent of gold exported less cost of refining
- No customs duties
- Year four: customs duties paid; patent tax; insurance tax
- Year five: full 35 percent tax

Source: F. D. Kone, 2005; SEMOS, 2005a.

The changes to the Mining Code that occurred during the 1990s took place with technical and financial support from the World Bank under the PATSM. A comparative analysis of the 1991 and 1999 tax systems conducted by James Otto on behalf of the World Bank identifies 27 different taxes and fees, and compares the changes between 1991 and 1999.[62] At first glance, the additional taxes in 1999 as compared with 1991 would indicate that the changes to the Mining Code of the 1990s actually increased taxes levied on companies. If a tax regime aims to balance the rights of people to benefit from their country's resources with sufficient incentive to attract foreign investors, then a comparison of Mali's tax regime with that of other gold-producing countries would be relevant.

In its 2004–2005 survey of mining companies, the Fraser Institute surveyed 64 jurisdictions, including Mali. More than 250 mining companies responded. On the question of the companies' inclination to invest based on current mineral potential and assuming current regulations, Mali ranked the highest for all African countries studied.[63] In comparison with all 64 jurisdictions, Mali ranked 12th. Only 20 percent of companies surveyed said that mineral potential, assuming the current regulations, is a mild deterrent to investment. Fully 80 percent said that it is not a deterrent or that it encourages investment.[64] These data would indicate that regulations as they exist are favorable for investment from the companies' perspective. The tax regime, however, was identified as a deterrent to 25 percent of potential investors.[65]

Whether the totality of changes throughout the 1990s represents a movement toward greater balance between the state's public interest and companies' private interests remains to be seen. In light of recent discoveries in Mali, the fact that gold prices are on the upswing, and current optimism about continued strong prices based on the high levels of demand for gold jewelry in India and China, any new Mining Code will be challenged to find the right negotiating stance vis-á-vis the investors.

The 1991 Mining Code allows five years of tax exemption from the first year of production. Some NGOs have accused companies of speeding up their production in order to complete all or most mining activity in advance of the date on which the tax comes into effect. This is a troubling allegation that should be investigated further.

Expenditures

In Mali, revenues from mining are merged with other revenues and managed by the Ministry of Finance. There is nothing in the Mining Code describing the specific distribution of mining revenues to the regions and communes. The distribution of taxes to regional and community authorities is governed by a separate law, No. 00-044 of July 7, 2000. This law is implemented by a separate ministry of the government that is responsible for territorial administration and decentralization. Allocations to the different levels of government are clearly stated in this law.

Redistribution of Mining Revenues to Areas Where There Is Mining Activity

For the Communes (basic unit of local government)

- 60 percent of the amount of patent taxes paid
- 80 percent of the fees and taxes collected for artisanal mining permits or for artisanal quarries provided for in Articles 103 and 106 of Ordinance No. 99-032/P-RM of Aug. 19, 1999

Taxes/Fees Cited in Article 103

- Fee for a quarry opening permit (5,000 to 100,000 CFA)
- Fee for quarry operations permit (500,000 CFA)
- Fee for permit or permit renewal for artisanal mining (2,500 to 10,000 CFA)

Taxes Cited in Article 106

Fees/taxes for extraction or collection of material/ore, in proportion to the volume of such material, according to the following schedule:

- 300 CFA per cubic meter for industrial quarries
- 200 CFA per cubic meter for artisanal quarries
- 60 percent of road tax on vehicles except for heavy machines dedicated exclusively to mining operations
- 50 cubic meters and less: 3,000 CFA per year
- 51 cubic meters to 125 cubic meters: 6,000 CFA per year
- Over 123 cubic meters: 12,000 CFA per year

For the Cercles (next level of government above communes)

- 25 percent of patent and license taxes collected
- 25 percent of road tax on vehicles except for heavy machines dedicated exclusively to mining operations
- 15 percent of taxes and fees collected for artisanal mining permits or for artisanal quarries provided for in Articles 103 and 106 of Ordinance No. 99-032/P-RM of Aug. 19, 1999

For the Regions

- 15 percent of vehicle taxes
- 15 percent of patent and license taxes collected
- 5 percent of fees and taxes collected for artisanal mining permits or for artisanal quarries

Even if the rules of redistribution of revenues as described above were easily accessible to the Malian public, a great deal of detail on revenues gathered by type of fees and taxes would be required for citizens to begin the calculations that will result in the amounts each level of government should receive by law.

As to whether each level of government actually receives these sums, we were told by representatives of the *Direction Nationale des Collectivites Territoriale* that the laws related to the transfer of mining revenues are not effective. However, they also observed that the problem is broader than mining and connected more generally to all resource transfers envisioned in the decentralization laws. In Section 6, we discuss more specifically the case of Sadiola, where some revenues were returned to the region and community.

If the multiple laws and regulations that constitute the Mining Code challenge the capacities of citizens, the laws of expenditure of mining revenues are even more demanding. The first issue that the structure of reimbursements above raises is that in order to determine whether they are getting their fair share of revenues, communities would need to know the amounts received by the GOM for each type of tax or fee. Total revenues from mining do not provide the information needed for citizens to determine whether they received the portion to which they are entitled. For instance, if the community is to receive 60 percent of the patent tax, citizens need to know the total amount paid as patent tax from all the companies in their region. Only then would they be able to calculate the amounts due to them. As proportions of multiple taxes and fees are involved at each level of government, the administration of these laws requires the government to track in great detail the sources of revenue by company, by region, and by type of tax. For citizens and citizens' groups, this level of complexity would constitute an unacceptable burden even in a society with high literacy. In the case of Mali, information on revenues is not available to the public in this level of detail.

The six laws and regulations that constitute the Mining Code have resulted in a complex set of taxes, fees, and license charges that are effectively incomprehensible.

Another issue is the question of how much of the country (where there are no mining activities) has benefited from mining. Interview respondents stated that the central government distributes the totality of the remaining funds to the regions and communes. Mining revenues at this point are merged into central government funds. The effect of this merging of funds is that non-mining communities see little or no benefit from mining. For example, while the commune of Sadiola received 377.34 million CFA (US$698,877) in 2004,[66] two communes in Segou received only 1.8 million CFA (US$3,333) and 2 million CFA (US$3,704), respectively, for the entire year.[67] If the Sadiola commune were to actually receive 60 percent of all taxes paid by SEMOS in 2004, as some interview subjects believed, it would have received 60 percent of US$33.8 million, or US$20.28 million. This discrepancy may be explained by the fact that revenues from mining are not separately distributed to non-mining communities. The formula for distribution to the rest of the country is outlined in the laws that govern the finance department.[68] The laws have no special provisions concerning the distribution of mining revenues.

BRETT ELOFF/OXFAM AMERICA

“Local people need to understand that mining is an external factor; it comes for a limited time, and after that it will close. …They need to rely on their own resources for development instead of relying on the mine.”

Balla Sissoko, mayor of Sadiola, Mali

A woman enters a traditionally constructed home in the village of Sadiola. Despite the profound impact that mining has on the lives of people living near mines—like this woman—there are few visible efforts to promote citizen participation in the creation of a new Mining Code in Mali.

4 Role of the International Financial Institutions

The World Bank and its sister institutions have been important actors influencing Mali's development. Bank involvement in Mali dates back to 1954. Since then, 83 different projects have been supported at a total cost of US$1,891,950,000.[69] The World Bank Group's efforts to promote mining were complemented by agreements between the GOM and the World Bank to provide Bank funding to Mali to strengthen Mali's fiscal management and to revise the Mining Code.

The World Bank Group's guidance following the EI review is that the Bank's involvement would be "selective, with greater focus on the needs of poor people, and a stronger emphasis on good governance and on promoting environmentally and socially sustainable development."[70] While the Bank supports "the principle that communities should benefit from projects that affect them," there is no requirement with respect to transparency of revenues, except for "significant" projects.[71] As Mali does not meet the 10 percent significance criterion, there is no requirement of transparency.

The PATSM: World Bank Mining Sector Technical Assistance Project

The PATSM was the main project of the World Bank in the 1990s that influenced the mining sector in Mali.

Three key elements of this project were the following:

1. The formulation of a mining policy, revision of legislative texts, and institutional reforms intended to help the government work out and implement a new policy and strategy for the mining sector.[72]
2. Synthesis of the geological and cartographic data, as well as improvement and modernization of the resource center.[73] This included synthesizing existing geological data and improving the system of management of geological data, as well as encouraging potential investors toward specific mineral-bearing areas.
3. Privatization of Kalana Gold Mine, realized in February 1995.[74]

The PATSM also covered the following areas:

1. Development of artisanal mining activities and local industry by promoting local entrepreneurship in mining and integrating artisanal mining into a legal structure.
2. Revision of the Mining Code to ensure that the requirements and procedures are clear, simple, and transparent with respect to obtaining, transferring, and canceling mining titles. The project set up a tax and customs regime that is friendly to national and international investors.

BRETT ELOFF/OXFAM AMERICA

3. Redefinition of the missions of current institutions with an aim of adapting them to the new strategy of the government in the mining sector.
4. Definition of a plan of long-term training to satisfy the human resource needs with qualified nationals. Set up an academic and multi-field training scheme and training courses to improve national capacity for management in the mining sector.
5. Promotion of the mining sector by gathering new geological data and creating and promoting the development of the mining industry locally, including through organization of artisanal miners.

The 1996 Mali Economic Management project aimed to "increase domestic resource mobilization" through "administrative as well as policy reform measures."[75] In addition, this project sought to revise "the Mining Code to remove unneeded exoneration while ensuring a sector environment that is competitive and attractive to investors."[76] Nevertheless, the comparison of the 1991 and 1999 Codes indicate that by 1999, the Mining Code had increased corporate obligations to the government. Yet interviews conducted for this study with government and civil society revealed a predominance of the view that the companies had received the better end of the deal[77] and that government was still not getting its fair share.

Pictured is a woman who lives outside Mali's capital, Bamako, and participates in one of Oxfam's microfinance programs. Experience with such programs has shown that, with better education about finances, local people will take positive steps to strengthen their communities. Providing greater information to Malian citizens about mining revenues will allow people to make informed decisions about the impact of local mining on their communities. International financial institutions such as the World Bank argue that communities affected by mining projects should enjoy some of the benefits, but without a system that makes the revenues from mining more transparent, it is difficult to ensure this.

Current Growth Support Project

The current Growth Support Project is ambitious in its aims to influence the mining sector. Its overall objective is to stimulate private sector investment and performance. Among the constraints driving this focus is the possible decline in gold production in Mali. The project appraisal document notes, "It is projected that gold production will decline over the coming years unless new mines are discovered."[78] This potential decline is considered significant because mining firms have paid about 40 billion CFA in taxes and are estimated to have contributed 150 billion CFA to the Malian economy.[79]

The World Bank's Growth Support Project in Mali as It Pertains to Mining[80]

With respect to improving the investment climate, it will support the following:

- Revision of the Mining Code
- Formulation of a legal framework for small-scale mining
- Formulation of a policy on mining revenue management
- Targeted mining investment promotion activities.

With regard to institutional strengthening in the mining sector, it will do the following:

- Give support to the Ministry of Mining
- Train ministry staff
- Equip the National Geology Directorate and its regional antennas
- Give support to the documentation center and the laboratory.

Finally, support for the small-scale mining sector is envisaged through the following:

- Setup and operation of pilot demonstration units for gold and precious stones production
- Diversification efforts with a focus on plaster, construction material, and industrial minerals such as coltan.

The Bank's own analysis concludes that a major challenge, expected to be addressed, is "inadequate procedures for recording, reconciling, and disclosing revenue streams paid by companies to the government."[81] This problem may indeed explain some of the difficulty the study team faced in acquiring data on revenues.

The World Bank proposes to support revision of Mali's Mining Code, this time with extensive civic engagement. However, there are no visible steps in place to build local capacity in mining-related matters to enable citizens to participate effectively in any revision of the current Code. The current Growth Support Project promises to address 10 important challenges:[82]

A selection of these challenges pertinent to this study include the following:

- Capacity constraints in the mining administration, including lack of motivated personnel and antiquated (office and laboratory) equipment
- Ineffective administration of the environment resulting from lack of appropriate legislation and standards, and capacity constraints with regard to impact assessments, monitoring, and pollution prevention programs

- Absence of any structured programs to assist small-scale miners, especially to improve the living and working conditions in the mining camps
- Inadequate management of social and economic impacts at the national and local levels
- Lack of precision and contentious elements in the mining taxation regime and its application

An important problem for artisanal and small-scale miners is the likelihood of being literally pushed off the land on which they earn their livings.

One major challenge involves artisanal and small-scale miners. If the Bank and the GOM are successful in attracting investors to expand industrial mining operations, there remains the question of what will be done with artisanal miners who are present in those areas. In its response to the consultation comments on its current draft policy on disclosure of information, the IFC stated that it would not use its clout as an investor to "create client obligations to comply" with international agreements and further states that "the obligations under these agreements rest with signatory states, and not with businesses."[83] The Mining Code places responsibility on the GOM, but there is currently no policy or law protecting artisanal and small-scale miners.

An important problem for artisanal and small-scale miners is the likelihood of being literally pushed off the land on which they earn their livings. The World Bank's mining team, as identified in the Growth Support Project documents, is well experienced in the Malian corporate context, but there are no specialists in artisanal and small-scale mining.

BRETT ELOFF/OXFAM AMERICA

“Youth have no jobs, and the men don’t have work at the mine either. These days, men don’t usually have money.”

Sora Sakiliba, farmer and representative of women of Sadiola as a member of the board of directors of the Integrated Development Program

Two men bicycle past a waste dump area near the processing facility at the Sadiola Hill Mine. Although mining proponents often cite the potential increase in jobs as a positive outcome for local communities, even the largest industrial mines in Mali cannot meet the demand for jobs in a country where unemployment is high.

5 Corporate Sector in Gold Mining

The transition to democracy in 1990 and the subsequent changes to the Mining Code to encourage foreign investment led to more extensive exploration and industrialized extraction activities in the 1990s (see Table 5.3 for examples). In the last 10 years, there have rarely been less than 60 companies with exploration or production projects in Mali. See Table 5.4 for a selection of the more recent examples.

There is a great deal of mining exploration in Mali. Even when further mining is not pursued, exploration activities can be highly disruptive to existing livelihoods, causing significant economic and social disruption as well as environmental damage. And there still remains the question of who will pay for all this disruption.

Some corporate and government subjects whom we interviewed noted that there is an interest on the part of companies to seek easement from the 35 percent tax. The reasons offered are that after the surface gold has been extracted, new and different technologies are required to extract at greater depths, and that if indeed these additional investments are to occur, they should be given exoneration from duties much like the exoneration offered for initial private investment when new mines are opened. The Syama mine is a case in point, where very high-grade ores have been extracted from the surface, and the companies operating it have left, with few apparent benefits to the community as a whole.[84] While another mining company, Resolute, will reopen the mine, it is unclear whether or not Resolute, as a new company, will receive the five-year tax holiday available to those starting a new mine. Resolute did agree to a royalty tax of US$10 per ounce on the first million ounces of production, provided the gold price is above US$350, and US$5 per ounce on the next three million ounces extracted.[85]

As noted earlier, there is a great deal of exploration in Mali. Exploration activities in themselves can be highly disruptive to existing wys of earning a living and can result in economic and social disruptions as well as damage to the environment. There remains the question of who pays for those disruptions. This issue is directly relevant to Mali because of the widespread presence of artisanal and small-scale mining activity in areas where exploration is underway. If industrialized mining activities are to occur, the question remains as to what means (within or outside the Mining Code) are available to artisanal and small-scale miners to protect their livelihood.

While tax regimes appear to be based on the profit motive, on the assumption that companies must earn something in order to be motivated to pay the government, the case of the EI poses distinctive challenges. Mining operations usually involve a substantial up-front investment that will not generate profit for three or more years. As in the Malian context, proponents of a friendly investment climate would argue for tax exoneration during those years when there is an investment but no profit. However, as noted later in this section, operating costs in Mali tend to be low and profits can be significant, especially when prices are high. For instance, at a gold price of $425 per ounce, Resolute projects an internal rate of return of 18.6 percent after tax.[86] The GOM provides a five-year exoneration.

Table 5.1 Significant Gold Deposits and Industry Structure

Major operating and major equity owners	Location of main facilities	Annual production (kilograms)	Resources (kilograms)	Project life
SEMOS, AngloGold (38 percent), IAMGOLD (38 percent), GOM (18 percent), IFC (6 percent)	Sadiola Hill Mine, 80 km SW of Kayes	19,000	120,000	1996–2013
SOMISY, Randgold (75 percent), GOM (20 percent), IFC (5 percent)	Syama Mine, Southern Mali	8,000 capacity	196,000	Closed 2001
SOMIKA, Avnel (80 percent), GOM (20 percent)	Kalana Mine, 387.4 km^2	–		Closed, reopening
Société Miniere de Loulo (SOMILO), GOM (51 percent), Randgold (49 percent)	Loulo Mine	7,500	130,000	Development, 2005 start
Société d'Exploitation des Mines d'Or de Yatela, AngloGold (40 percent), IAMGOLD (40 percent), GOM (20 percent)	Open–pit Yatela Mine 60 km SW of Kayes and 25 km N of Sadiola	7,250	43,500 (1.4 million ounces)	2001–2007
Randgold (30 percent), Anglogold (50 percent), GOM (20 percent)	Open–pit Morila gold mine, 180 km SE of Bamako	–	15,550 (500,000 ounces per year)	2001–2012
Semafo Inc. (75 percent), GOM (25 percent)	Segala, western Mali	–	42,000	Development
Anglogold (40 percent), IAMGOLD (40 percent), GOM (20 percent)	Alamoutala, just south of Yatela	–	5,000	Development
Nevsun Resources Ltd. of Canada	Tabakoto and Segala	3,270	29,000 (950,000 troy ounces)	2005–2012 (Segala in development)
Total (estimate)		**45,070**		

Source: USGS International Mineral Statistics and Information. Aggregated from 1994 through 2003 reports.

Table 5.2 Exploration

Selected exploring companies	Location	Status	3-year permits
Afcan Mali S.A.	37 km^2 in Kalako and Loubougoulou in the Yanfolila area of the Sikasso region.	Looking for a joint-venture partner	Through 2005
African Metals Corp. (AMC) of Canada	27 km^2 in Kofeba, within the company's Kenieba Sud diamond concession in western Mali.		Through 2005
AfriOre International Ltd. (60 percent), New Gold Mali SA (NGM) (40 percent)	Banankoro, near Kangaba in southern Mali, 144 km^2.		2002–2005
Axmin Inc. of Canada (50 percent), Newmont Mining Corporation (50 percent)	Kofi, Kofi North, Netekoto, and Walia properties, located in the Kenieba district in western Mali.		2003–2006
Etruscan Resources Inc. of Canada	Djelimangara, Finkolo, Kolomba, and Sanoukou properties covering an area of 800 km^2. Djelimangara and Kolomba are located south of the Sadiola Hill Mine. Sanoukou is 15 km southwest of the Segala and Tabakoto gold deposits. Finkolo covering 319 km^2 and is 15 km southwest of Syama.		Current
Golden Star Resources Ltd. (GSR) of the US (51 percent) and Geo Services International Ltd. (GSI) of the UK (49 percent)	Mininko property is located about 250 km southeast of Bamako and covering an area of 250 km^2.		Current
Great Quest Metals Ltd. (GQM), including Bourdala, Baroya, Kenieba, Niaragui, Niaragui Nord, and Soumala	411 km^2, a total of 14 concessions.		Current
North Atlantic Resources Ltd.	Five projects: Dalakan, Diokeba, and Sinzeni acquired in 2002, and Foulalaba and Kantela acquired in 2003.		Current
Robex Resources Inc. of Canada (RRI) (85 percent)	Diagounte property, located about 30 km SW of the Sadiola Mine in western Mali, and three new properties in the Kenieba Valley: Dabiya West, Kolomba, and Kossaya.	Looking for a joint-venture partner	Current
Sanu Resources Ltd.	Makono, located on the east bank of the Niger River 60 km southwest of Bamako and covering 90 km^2.	Looking for a joint-venture partner	2000–2006 (renewed in 2003)
Nevsun Resources Ltd. of Canada	175 km^2 surrounding and including Tabakoto and Segala.		Current

The case of Sadiola

The team selected the Sadiola Mine for our focus because it is large; has been in operation for nearly 10 years; and is expected to remain in operation for another eight years, to 2014. The company responsible for operations, AGA, is also an active participant in

BRETT ELOFF/OXFAM AMERICA

the EITI process. An additional benefit was that since the same company has financial interests in Morila, we were able to efficiently gather data on Morila alongside Sadiola. As noted below, all company data in this section were provided by the companies themselves.

Located in the western part of Mali in the Kayes region, the Sadiola community has longstanding linkages to France, as local residents have for over 50 years emigrated to France, sent money home, and often returned to retire in Mali. This region is therefore unusually well connected to an international network, which extends the stakeholder base substantially.

Sadiola Mine is operated by SEMOS, a joint venture of AGA (38 percent), IAMGOLD (38 percent), the GOM (18 percent), and the IFC (6 percent). IAMGOLD began the initial drilling in Mali in 1990, entered into a joint venture with AngloAmerican in 1992, and began production in 1996. In 2004, Sadiola Mine generated a net profit of US$15.9 million and supported 1,154 jobs, including contractors. By contrast, as noted, the numbers involved in artisanal and small-scale mining are estimated at 200,000, and 10 percent of the population in Mali are said to depend on artisanal and small-scale mining.

Piles of ore in the center of the Sadiola Hill Mine are clearly visible from the village of Sadiola. According to the SEMOS consortium operating the mine, nearly 20 percent of every ounce of gold sold was paid to the government in dividends and taxes.

Taxes and dividends

According to SEMOS, for every ounce of gold that was sold in 2004, 72.6 percent went toward the cost of production, 19.37 percent was paid to the government in dividends and taxes, and 8 percent was distributed among the other three joint-venture partners (AGA, IAMGOLD, and the IFC).[89]

Dividends Paid by Sadiola[90]

Sadiola Mine paid a total of US$166 million in dividends between 1999 and 2004. (Sadiola began operations in 1996 and began paying dividends in 1999.)

Table 5.3 Sadiola Mine Dividends

Sadiola	Ownership share (%)	1999 (US$)	2004 (US$)	Total to date (US$)
AGA	38	3.8 million	17.1 million	63.1 million
IAMGOLD	38	3.8 million	17.1 million	63.1 million
GOM	18	1.8 million	8.1 million	29.9 million
IFC	6	0.6 million	2.7 million	10.0 million
Totals	**100**	**10.0 million**	**45.0 million**	**166.0 million**

Morila has paid dividends of US$339 million since 2001, and $67.8 million of that was to the GOM.[91]

Table 5.4 Taxes Paid to the GOM

Mine	2004 (US$)	Total to date (US$)
Sadiola	41.9 million	162.3 million
Yatela	12.8 million	30.1 million
Morila	16.1 million	97.0 million
Total	**70.8 million**	**289.4 million**

As noted above, the GOM has been receiving revenues from mining in Mali. SEMOS has calculated that fully 69 percent of the profit is paid to the GOM while just 31 percent is shared among the other partners.[93] Our interviews revealed that there is uncertainty about how mining revenues are distributed—what portions go to the mayor's office at the commune level, what portions go to the regional level, and what amounts actually accrue to the central government or indeed what actual amounts are set aside for environmental rehabilitation.

Employment

Mining is not an effective engine for development with respect to employment. Mines usually do not employ large numbers of people, and those they employ require high levels of formal education, which is usually not found in isolated rural communities. Company representatives expressed concern about the expectation of what is possible for a mining company such as SEMOS to accomplish with respect to employment.

SEMOS reports that approximately 60 percent of its employees are from the Kayes region,[94] and that 525 of 573 permanent employees are Malian; 48 are expatriates.[95] At Sadiola, Morila, and Yatela, less than 10 percent of employees are expatriates.[96] Notably, the director of operations in Morila is a Malian and the operations director at Yatela is from the Congo. Similarly, most contractor employees are also Malian (Table 5.5).[97]

Table 5.5 Expatriot vs. Local Contractors[98]

Contractors at Sadiola		Contractors at Morila		Contractors at Yatela	
Expatriot	37	Expatriot	48	Expatriot	49
Local	544	Local	937	Local	720
Total	**581**	**Total**	**985**	**Total**	**769**

SEMOS has also used mostly local contractors (in addition to permanent employees) at Sadiola. During the years 2002, 2003, and 2004, it spent 61 percent, 66 percent, and 64 percent of its contractor budget, respectively, on local contractors.[99]

Local Workers at Sadiola

Taking Sadiola as an example, the area itself was relatively underdeveloped and far from the national capital. Levels of literacy were low. If indeed the mine were to contribute to the development of the local workforce, this would have to be in large measure through strengthening the skills of illiterate or semi-literate workers. Many of the mine's daily tasks, such as moving earth and feeding the grinding machines, are such that an otherwise unskilled worker even with a low level of literacy can readily be trained to carry them out using powerful moving equipment. Yet more complex is the smelting process, working with very dangerous chemicals and pouring of molten gold. Sadiola, remarkably, has been able to prepare the local workforce to discharge these tasks with a low accident rate and a high level of productivity.

In fact, the entire process is to a large extent computer controlled. The most crucial step forward has been SEMOS's ability to find young people with just nine years of schooling plus two years of training to manage the computerized control room at the heart of the production process. Similarly, other key functions, such as the final smelting process leading to the bar of gold are carried out by individuals with nine years of schooling, leaving school at age 16.[100] Malians have also advanced to senior positions in the Sadiola Mine's management ranks.

Source: SEMOS, Wood interview.

SEMOS points to these efforts as evidence of its commitment to spreading the development effects of its presence as widely as possible within Mali. Agriculture still dominates Malian employment.[101] Our informal conversations with Malians in Bamako indicated their preference for greater investments in agriculture, and the principal reason given is the opportunity for employment. Those who do not live near the mines do not feel the presence of the mines and do not see any benefits from the mining companies.[102]

Social investment

Proponents of mining often site expected social investment and philanthropic contributions as evidence of how communities have benefited from the wealth extracted by mining companies. The international press has, however, highlighted problems—such as those in Morila—of the purported racist behavior of South African expatriates and inadequate benefits to local communities. A company representative of Morila Mine pointed out that what is not discussed in popular news media is the disappearance of the US$18,943 that was set aside by the mine to establish a cereal bank in Sanso in 2003. Another US$18,943 was given in 2005, this time with better governance to monitor the money. This mine official provided a list of all social investment projects and expenses since Morila was commissioned as evidence of the company's investment in surrounding communities. Why, he wondered, was the community saying that no money had been provided for social purposes?

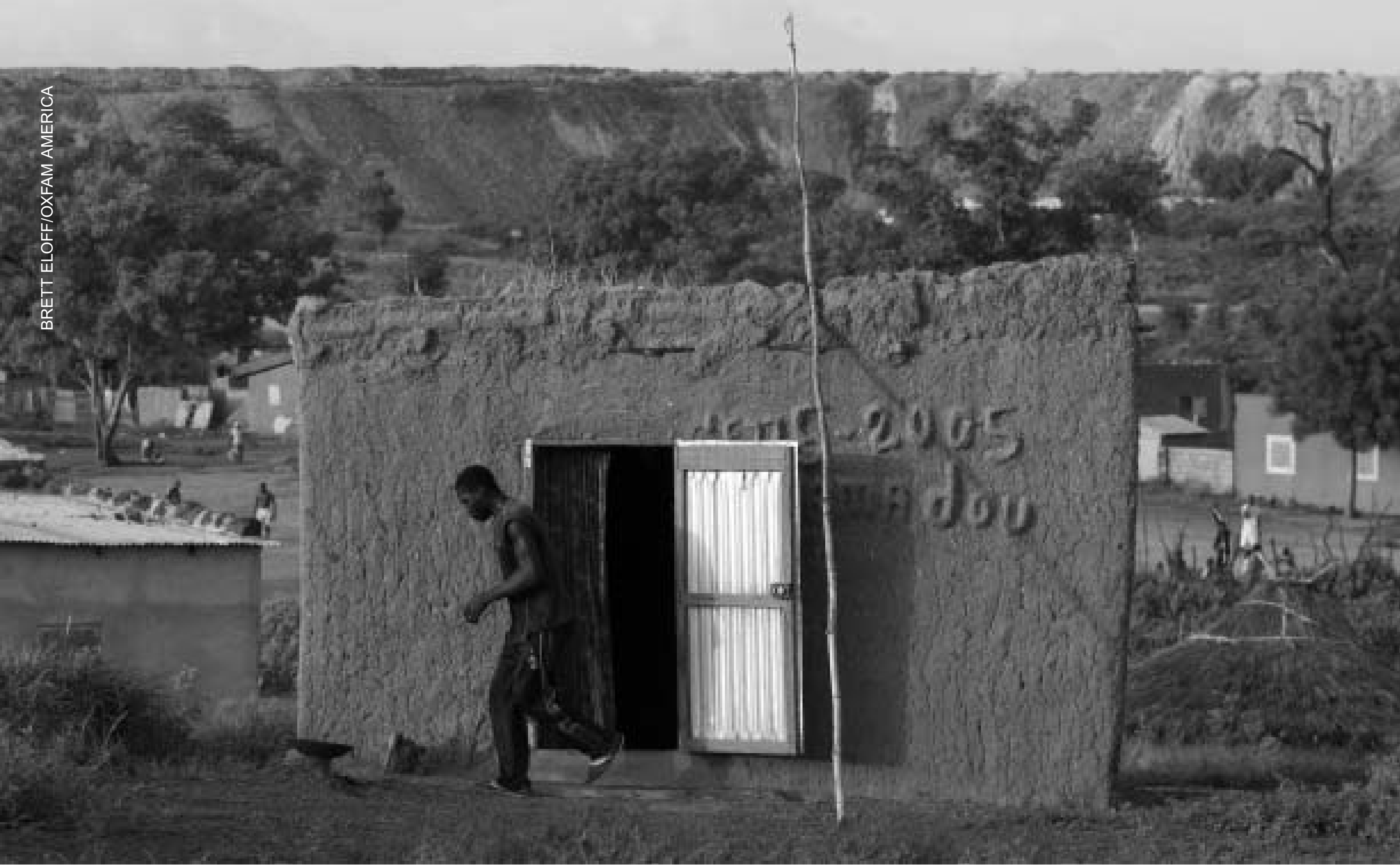
AGA notes that it has spent a total of US$2.6 million on social development investments, including philanthropic contributions, as shown in Table 5.6:[103]

Table 5.6 AngloGold A

Social development s	Investments (US$)
Sadiola since 1996	771,164
Yatela since 2000	946,814
Morila since 2001	836,379
Total	**2.6 million**

Critics have found these figures to be inadequate when compared to the profits generated through gold extraction, especially in recent years when gold prices have been high. For Sadiola, the US$771,164 figure represents an average of less than US$100,000 a year over an eight-year period. This amount appears very small when contrasted with dividends paid out of US$166 million from Sadiola alone. However, a counterpoint is also expressed as to the different or overlapping roles and responsibilities of businesses and government in local development.

In addition, these social investment payments from the companies may include payments to support local gendarmeries, which can be substantial. In the case of Morila, for instance, the payment of US$85,200 in 2002 was the highest single payment made for social investments that year and was matched only by the same amount paid to the gendarmerie again in 2003.[104] In 2001, the first year of production, US$231,110 was set aside for construction of 15 classrooms, 16 latrines, and a headmaster's office.[105]



Apart from the cash contribution, there are stark discrepancies between a lifestyle within the mining compound, which is supported by electricity and Internet access to the larger world, and the village of Sadiola, for instance, where there is no electricity or running water. Sadiola's secondary school is run down, and there was little activity in the health center when a team member visited.

Electrical power significantly increases local communities' ability to access information from their government as well as from around the world. In Morila, electricity has been a regular feature in social investments.[106]

Table 5.7 Electrification Projects in Morila

Year	Projects	Amount (US$)
2001	Electricity to administrate building	10,000
2002	Electricity to six villages	53,000
2003	Solar power to health center, mosque, and library in Sanso	10,885
2004	Electricity for two villages	30,638

Pictured is a man leaving a carefully decorated mud house in Sadiola, in the shadow of the industrial mine. A massive influx of workers seeking jobs at the mine has stretched the social services and housing in Sadiola.

BRETT ELOFF/OXFAM AMERICA

“We have serious concerns about the social aspects of mining, like the massive migration to the area with negative consequences, such as increases in crime,… loss of parental authority, and widespread HIV increase.”

Balla Sissoko, mayor of Sadiola, Mali

People go about their lives on a street near the center of Sadiola.

6 Mining Revenues and Benefits to Malians

The team's interviews and other evidence described below indicate that both the Kayes region and the Sadiola commune are receiving funds from the central government in connection with mining activities. However, in no case were we able to ascertain from them the exact amounts or the proportion of revenues to which they are entitled, although these percentages are clearly articulated in the law described earlier.

Interviews confirmed that funds are received from the central government, but officials at local levels were not able to tell us if the amounts they receive are consistent with what they are entitled to receive. Indeed, no one we interviewed at local levels was able to tell us what percentage of which revenues they are entitled to receive by law. However, they were satisfied that they receive what in their view is a substantial amount of money on a regular basis. The funds receive are being tracked manually and receipts saved and turned in to the regional level for all expenditures.

The finance officer in the Sadiola commune keeps detailed notes of all funds received, by type of revenue.[107] However, with respect to mining revenues, local officials were not able to determine what percentage of central revenues they receive or are entitled to. There was also confusion about Sadiola's philanthropic investment—which monies come from Sadiola directly and which come through payments to the government. Expenditures are tracked in great detail. We were able to see detailed receipts for every expenditure, as well as manually maintained records of all transactions.

"The government and private sector have difficulty maximizing benefits to local communities." – The World Bank

At the commune level, there is a clearly outlined process of meetings (we saw the hand-written notes) in which project ideas and priorities are discussed in Sadiola. The finance officer was able to state when he went to the regional headquarters in Kayes; how he received the money; and how he accounted, tracked, and reported it. In response to our hypothetical case of the event when someone prominent in the community, such as the mayor, requests a reimbursement without a receipt, he said that he does request a receipt, and if it does not arrive by the time he goes to Kayes, he simply makes a note that he gave the money to an individual and that the individual did not provide a receipt.

The team came away from lengthy discussions with the mayor, deputy mayor, and finance officer with the conviction that at the local level, there are some resources flowing and, indeed, that there is an honest effort to use resources wisely. There is, however, a very substantial gap in capacity as to how best to manage resources in the long term.

We did not see a deep understanding of the implications in the long term (particularly at mine closure) about the environmental or social impact. For the most part, we heard no concern about their lack of information about amounts paid to the governments and amounts they are due.

Perceptions of How Mining Revenues Are Distributed

Some examples of responses we got when asking what proportion of mining revenues are required to be returned to regional and local levels by law:

- 100 percent of the patent tax[108] from SEMOS goes to the Kayes region. Of that, 60 percent goes to the mayor's office for the commune and 40 percent goes to the district administration.
- 15 percent goes to the commune level. Something also goes to the region, but this individual was not sure of what precisely.
- 60 percent goes to the office of the mayor, and 20 percent of the rest of all taxes goes to the region. By law, 60 percent must go back to the community.

At the local and regional levels, our interview subjects said they had not asked about the amounts they are entitled to and were not familiar with the law concerning amounts they should receive. Some of them also said they did not want to jeopardize the money they do receive by asking questions about what amounts they should receive by law.

In its appraisal report to the current Growth Support Project, the World Bank notes that "the government and private sector companies have difficulties in maximizing benefit streams to local communities. Some private sector companies have begun programs to emphasize linkages with local communities."[109] There is evidence to support the view that companies benefit by establishing direct relationships with communities rather than working through intermediaries.[110] However, in this case, SEMOS's direct social investment funds to the community are fairly small, as noted in the previous section. The larger portion is paid in taxes and must be channeled through the government. Furthermore, the preference of government officials is that SEMOS go through existing government mechanisms to communicate with local populations. Ideally, where government is primarily concerned with the public interest, government presence can ensure that SEMOS acts responsibly.

BRETT ELOFF/OXFAM AMERICA

“ Those who arrive and can't get a mining job turn to environmentally destructive activities. The increased demand for wood and charcoal has deforested the area.”

Balla Sissoko, mayor of Sadiola, Mali

A young man delivers firewood to the market in Sadiola. In the background is a high pile of mine waste, on top of which workers are planting trees and other plants in an attempt to reduce the dust that blows along the road and into the homes of nearby villagers.

7 Conclusions

The main conclusion of this study is that, for the vast majority of Malian citizens, information about mining revenues is inaccessible. There are several reasons for this.

Mining revenues are reported by companies and the government in newspapers, but such reports are not accessible to the general public in Mali. As noted earlier, literacy levels are low, limiting access to information even if newspapers are available. Sadiola and Morila Mines hold annual workshops that NGOs and community groups could attend. The Sadiola presentations are in French and English, and are therefore not best suited for wider community participation. Thus, available data do not meet the understandability principle ("readily understandable to users") in the EITI.

Mining revenues are reported by companies and the government in newspapers, but such reports are not accessible to the general public. …Literacy levels are low, limiting access to information even where newspapers are available.

For those who are able to access newspapers, GOM and company figures are presented in the aggregate, whereas EITI reporting requirements for benefit streams specify a breakdown by type of benefit stream to the government. Since Malian law concerning distribution of mining revenues allocates those revenues based on the type of revenue (an example is the patent tax) rather than the total revenues received, it is reasonable to assume that data by type of revenue do exist. However, this study team was unable to access such data, and the aggregate published figures are not sufficient for citizens to understand how they should benefit or whether they are indeed receiving the revenues required by law at local levels.

There is widespread knowledge that communities should receive some share of mining revenues, and officials of the Sadiola community (mayor, deputy mayor, and finance officer) all confirm that the commune does receive funds from mining revenues. However, there is no way for community officials to know whether they are receiving the full amounts to which they are entitled. Officials did not always know what the law says about the proportions of the various types of taxes that they should be receiving in their budgets.

Based on the publicly available information, it is not possible to determine how much money is actually received by the GOM, in contrast to amounts paid by the companies. Our ability to tally the publicly available numbers was constrained by the many different taxes, fees, and charges that the government collects. The large number and types of taxes imposed make it nearly impossible to monitor, especially when published reports on mining revenues tend to provide aggregate figures rather than the numbers associated with particular types of taxes.

At the community level, in mining communities, clearly some funds are being returned to regional and local levels. We are unable to assess whether these amounts are the amounts mandated by law, since we were unable to get exact figures for the total GOM portion by the type of tax. The portions allocated to local communities by law are calculated based on the type of tax. Published government revenues in newspapers only provide total revenues. Thus, it is impossible to use available figures to calculate the amounts that regions and communities should receive by law, even if the law were understood.

The impact of mining revenues on non-mining communities is not known. We were only able to document the great discrepancies between the budgets of the Sadiola commune and that of two non-mining communes. Since mining revenues are merged with other revenues for distribution to the non-mining communities, there is not a way to calculate the spread of mining revenues to those communities. GOM officials themselves state that the general rules concerning disbursement of funds in connection with decentralization are ineffective.

If the government financed part of its share of investment in the mines, we were unable to identify how accounts are adjusted for those amounts, or determine the impact of such deductions on revenues available to the regional and local levels. Since we could not identify a GOM official who would speak about this in depth, we rely on data that indicate that the GOM does own shares greater than the 10 percent allocated free of charge, and that it paid at least 25 percent of the value of the shares over the first 10 percent.[111]

In sum, there is not sufficient disclosure in an understandable form for citizens or civic groups to determine whether they are indeed benefiting as they should according to current law in Mali. While such data may be available within the GOM, they are not publicly accessible and therefore are practically unavailable. Additionally, there is not the capacity, without additional training, for interested citizen groups to participate fully in the revisions to the Mining Code as foreseen by the current World Bank project.

BRETT ELOFF/OXFAM AMERICA

“ Mines represent an opportunity to earn money, but there are other activities that come along with the mines—some legal, some illicit, some of which are to the detriment to the indigenous population. These are problems that people don’t understand, and for which they do not have mechanisms to protect themselves.”

Yaya Touré, NGO coalition of the Kayes region

Making information about mining and its revenues more accessible to the general population could help people like this young mother from the village of Sadiola to understand whether the benefits of mining are outweighing the substantial costs.

8 Recommendations

Our nine recommendations focus on upcoming changes, especially the anticipated revision of the Mining Code, and steps that will both increase transparency and strengthen the capacity of citizens to take advantage of information that is disclosed, to analyze it, and to take action in their own interest.

1. Revision of the Mining Code

The World Bank should require and support the government so that data about revenues received and expended are made public on a regular basis. Analysis is difficult with only one information source. We recommend that the World Bank requirements reflect the intent of the EITI, which is to disclose data from both companies and the government in forms that citizens can understand, and have third-party verification. Without such information, it will be impossible for civil society to participate effectively in any consultative process, no matter how extensive.

Since the World Bank has begun a project this year that will involve revisions to the current Mining Code, it is essential that NGOs and other citizen groups are able to engage in that process. While there is a stated intent to consult extensively with civil society on the revisions of the Mining Code, there is nothing to help them to understand the issues and to participate with full information. This is especially the case for artisanal and small-scale miners. The only open information is from the companies themselves, principally AGA. However, any information that derives from only one source is always open to question.

As this report has shown, laws and regulations relating to revenues from mining and their distribution among the local population rest in at least three ministries of the government. Thus, at a minimum, any effort to revise the Mining Code with an aim to ensure benefits to Malian people must also consider consultations that are interministerial in nature. At a minimum, the ministries of finance, mining, and decentralization must be involved, as these ministries receive revenues, disburse revenues, and determine/administer the formula by which revenues are distributed to local levels.

The Mining Code alone is not a sufficient legal framework within which to understand mining as it relates to poverty in Mali. The laws that govern the management of revenues and its disbursal to local people are as important. All these need to be considered in the revisions of the existing Mining Code if these revisions are, as stated by the World Bank, intended to benefit the Malian population. The Mining Code could, in its new form, obligate both the government and companies to report on benefit streams.

2. Implementation of the current Mining Code

The space provided within the current Mining Code for personalization of each *Convention d'Etablissement* must be studied to identify the scope for negotiations beyond the articles of


BRETT ELOFF/OXFAM AMERICA

the Code. When new mines are started, public consultations can inform these negotiations. In addition, final arrangements between the GOM and the companies as articulated in each specific *Convention d'Etablissement* should be made public. In this way, citizens are able to participate in the decision-making process as well as to hold elected officials accountable for decisions taken.

The requirement for early citizen participation is particularly important with respect to mining (and other EI), as a plant or pit cannot be moved once mining has begun. In addition, mining operations often continue for long periods of time.

3. Distribution of revenues

We recommend a simplification of the law with respect to disbursement of revenues, such as establishing percentages that relate not to a particular type of tax as in the current policy, but to total mining revenues received from a given region. This would make it easier for members of civil society to monitor whether the right amounts have been distributed to local levels. Similarly, it would permit citizens to track how well their local representatives are spending revenues from mining. Such an approach would also

Dala Bissoko serves as the coordinator of one of Oxfam's local partner organizations, a women's development program in a non-mining community outside Bamako. Greater dialogue among civil society groups like Bissoko's organization, the government, mining corporations, and international financial institutions could increase the flow of information about the costs and benefits of mining to the people of Mali.

reduce the administrative burden on the GOM, as it will only have to track and publish revenues received by region in order to maintain transparency. In the current regime, the GOM would have to report taxes, duties, and fees from each region by type of tax in order for citizens to find the information to be of use.

Equally, a simple statement of how the central government share will be divided among the non-mining regions needs to be based on easily accessible numbers from one revenue figure. It is clear from this study that there are vast disparities in local government revenues between mining communities and non-mining communities. A countrywide consultation is needed as to the benefits of mining—for whom and how much.

4. Tax regime

The complex set of taxes, fees, and duties are impossible for civil society groups to understand. International donors can support greater capacity building in this area and provide access to the experience of other countries. Simplification would permit the GOM to track its mining revenues and expenditures more effectively, and to report on those figures in ways that are meaningful to its citizens.

The government, mining industry, and civil society in Mali need to develop ways of sharing information with small groups of people such as this women's savings group. Using the local language in a safe setting will help people better understand how the revenues from their mineral wealth are being used to promote development in the country.

5. Community engagement

Although the companies make periodic efforts to hold open discussions and to inform the public, these efforts are not sufficient. In the case of Sadiola, for example, PowerPoint slides are presented in English and French. These already exclude the majority of the population. Meetings also tend to be large, partly because the company wants to be inclusive. However, it is not possible for a majority of the population to challenge and to engage as equal partners in a context where a large number of ministers and high-level officials are gathered. Even if they could, they do not have the information about laws to give them authority to question.

We recommend smaller group consultations where specific interest groups can be heard and there is the opportunity to discuss issues and concerns in depth. Small group discussions with women's groups and others in the local language(s), in safe settings, and where participatory techniques are used are more likely to generate feedback to which government and companies can respond. International donors as well as the companies themselves could co-fund such engagement through a widespread consultation in mining and non-mining areas of the country to ensure appropriate citizen input. Such a process would also inform the World Bank in its influential role to facilitate representation of the voices of the poor in any enhancement of Malian public administration or revision of the Mining Code.

Information from the smaller discussions can be brought to bear at larger forums where decision makers meet. Companies would benefit from forums where they are able to hear the concerns of citizens, to address them to the best of their ability, and to seek out collaborative relationships with other sectors of society on issues they are not able to address. A stronger local engagement strategy also puts pressure on different levels of government to take action in the public interest.

Similarly, relationships need to be strengthened between the civil society sector and public institutions, all of which claim ultimately to be concerned about poverty reduction and good governance. This implies more sharing of information, attending each other's events, and participating in good faith. Senior World Bank officials have attended communications events sponsored by the large mining companies, but they did not attend informational events sponsored by civil society. Indeed, international donors may be well positioned to support periodic discussions of the mining industry from the civil society perspective, similar to the Mining Dialogue but where civil society takes the lead in articulating issues.

6. Capacity building

Transparency is a key first step, but figures are not very meaningful if most people are not able to understand or make any sense of them. Perhaps the most important recommendation for this report is the need to strengthen the capacity of NGOs and other citizen groups to participate actively and from a position of strength. This means they must be able to understand the law in Mali and their rights under the existing law.

Lessons from countries that have had a longer history of EI need to be brought to discussions in Mali. Information from the experience of mining around the world, especially the experience of companies now operating in Mali, will help groups to position themselves so they can make effective contributions to discussions of mining in Mali.

As a country relatively new to industrial gold mining, the government of Mali can show leadership by making its own commitment to the EITI and promoting greater debate about mining in Mali.

Low literacy rates need not hinder this understanding or the capacity to have informed opinions and to act upon them. Members of the development industry, including those who aim to represent the interests of the poor, need to overlook their tendency to lean toward technocratic approaches and solutions. Not only do these approaches isolate people who have not had much formal education, they preclude opportunities for alternative types of knowledge, such as practical knowledge, to inform solutions to seemingly intractable problems. International development agencies can support processes that facilitate community-level contributions to discussions about mining.

7. Public information

Mali has the benefit of many newspapers and radio stations. It is not difficult for the GOM to commit to report on revenues in ways that show that the decentralization laws are being followed by publishing the numbers. This means that the GOM must publish the amounts received by type of tax (especially if the tax is a type where a percentage goes to a region or other decentralized unit), and it must publish the percentages to be redistributed as required by law to mining areas and to those without mining. The EITI reporting guidelines provide a starting point.

The World Bank must require all companies and governments that receive World Bank or IFC support, or Multilateral Investment Guarantee Agency (MIGA) guarantees, to disclose revenues and expenditures in a form that is accessible to citizens. While transparency itself is not the solution, without the requirement of transparency, neither the citizens of Mali nor the international agencies concerned with poverty are able to ensure that extraction of the country's natural resources is indeed benefiting the people of Mali as they have envisioned.

8. The EITI

The GOM should support the EITI as a minimum first step toward ensuring easy access to information about mining revenues. EITI is at best a starting point for promoting transparency in the mining sector, covers only certain revenue streams. Additional steps will need to be taken beyond EITI to ensure transparency of government expenditures and the rights of the public concerning access to that information.

As a country relatively new to industrial gold mining, the GOM can show leadership by making its own commitment to the EITI and promoting greater debate about mining in Mali. The GOM should participate in the EITI and create a multistakeholder working group to develop a plan of action to implement the initiative before Jan. 1, 2007. Once the GOM has decided to implement the EITI, it should closely follow the implementation criteria, including ensuring opportunities for civil society participation in an EITI working group. In addition, the GOM should sponsor a mass education campaign about EITI with companies working in Mali and adjust the legal framework to compel company disclosure if necessary.

In addition to publication of data in newspapers, the GOM could create or support centers to educate the public about mining—its revenues, benefits, and risks to the people of Mali. These centers, located in mining areas, should support forums (like the mining dialogue) in which civil society, rather than the companies, may take leadership. In Bamako, the GOM should consider expanding the current mining dialogue process to more fully incorporate civil society.

9. Artisanal mining

Artisanal and small-scale miners must be brought into capacity-building activities that help citizens understand the current Mining Code and laws about distribution of revenues. They should also participate in discussions pertaining to revisions to the current Mining Code. As noted in the text, the livelihoods of artisanal miners are threatened as industrialized mining expands. There is currently no policy, apart from the requirement that they must leave when industrial mining begins in areas where artisanal miners have been working.

Appendix A:

Tax Systems Applicable to Mali's Mining Sector

	Type of tax of fiscal element	1991 Code	1999 Code
1.	Lump–sum contribution from employers	7.5 percent of the total payments (including the value of natural advantages) of the employees.	Same.
2.	Social security	20.4 percent of the gross value of employee wages (paid by the employers).	Same.
3.	Tax on insurance contracts	Exemption.	20 percent of the value of the insurance policy premiums.
4.	Recording rights	5–20 percent of the transaction amount.	Same.
5.	Excise tax	Fixed rate.	Same.
6.	Tax on the ground revenue	15 percent of the rental amount.	Same.
7.	Tax on the property revenue	20 percent of the value of the building revenues.	Not envisaged.
8.	Professional patent rights	10 percent of the amount of the sales and/or annual rents of the local professionals as of the third year of production.	Same.
9.	Lodging tax	1 percent of the net employee salaries.	Same.
10.	General tax of the revenue	Fixed rate owed by the employees.	Same.
11.	Tax on the industrial and commercial profits	35 percent of net profits, tax holiday of 5 years beginning with first year of production.	35 percent of net profits, no tax holiday.
12.	Value–added tax	Exemption during the first three years of production, then 15 percent of the amount of sales or of the customs value; in theory, reimbursed at 60 percent, but considering the existing practice, it is assumed that the reimbursement was not made.	Exemption during the first three years of production, then 18 percent of the amount of sales or of the customs value; in theory, reimbursed at 60 percent as of the fourth year of production, but considering the existing practice, it is assumed that the reimbursement was not made.
13.	Tax ad valorem	3 percent of the value of the extracted resources, with deduction for the intermediate costs - in practice, market value of exported gold minus 1 percent (deducted as an approximation of costs) for transport, ore analysis, refining, insurance, and sale.	Not envisaged (replaced by the tax specific to mineral products).

14.	Contributions for service delivery	3 percent of the customs value of the export products; in practice, value of the export gold market (with no deduction in the title from the intermediate costs and charges).	Not envisaged (replaced by the special tax on mineral products).
15.	Tax on the appreciation of the transfer of a mining title	Not envisaged.	20 percent of the appreciation.
16.	Tax on revenues of transferable value	Not envisaged.	18 percent.
17.	Professional training tax	0.5 percent of the total remunerations.	0.5 percent of the total remunerations.
18.	Contribution to the import verification program	Not envisaged.	0.9 percent of the customs value of the imported goods.
19.	Export excise tax	Not envisaged.	Approximately $50/kg gold.
20.	Statistical royalties	Not envisaged.	1 percent of the customs charges on the imported merchandise.
21.	Tax specific to certain products	Not envisaged.	3 percent of the duty-free turnover.
22.	Government participation in the social capital of the mining company	Passive interest or free participation: 15 percent minimum . Cash participation 5 percent maximum.	Passive interest or free participation: 10 percent maximum. Cash participation: 10 percent.
23.	Priority dividends	Not envisaged.	Applicable for free and cash participation.
24.	Payoffs	Payoff of the materials over five years.	Accelerated reimbursement: the materials are supposed to be paid off over three years.
25.	Provision for exhaustion	27.5 percent of the value of the materials extracted in the given year, with a limit of 50 percent of the net benefits (not including this provision).	15 percent of the value of the materials, subject to the same provisions.
26.	Regime applicable to the mining back-charges: - exploration - feasibility study - development	Reimbursement over the duration of the mine.	Reimbursement over the duration of the mine.
27.	Customs regime	Exemption during the exploration and development phases, as well as the first three years of production, then the rights should represent on average 10 percent of the acquisition value.	During the development phase and as of the starting date of production, the application of the rates of UEMOA is on average 0 to 20 percent of the customs value, plus 2 percent, on average, an assumed 12 percent.

Source: Kone, 2005 #13. Unofficial translation.

Appendix B:
People Interviewed

Most interviews were in depth, i.e., they generally lasted one hour or more. In several instances, we held multiple interviews with the same individuals where initial interviews were followed by information provided by the subject and then additional interviews to further discuss the information provided. Some of the longer interviews involved two hours of discussion.

Those marked with an asterisk (*) represent individuals we contacted for specific information. In these instances, conversations were fairly short—15 minutes on average. In one instance, only an email exchange was required.

Government

1 Mme. Sow, Finances Locales a la Direction Nationale des Collectivites Territoriale*

2 Monsieur Cissouma, directeur national des collectivites territoriales*

3 Moussa Cisse, Kayes Region, former mayor

4 Mme. Haidara Niania Cisse, Ministry of Finance

5 Mayor, Sadiola commune

6 Deputy mayor, Sadiola

7 Mr. Mohamed Keita, Ministry of Mines

8 Wally Djiawara, DNGM

9 N'Diaye Djibul Makar, Sadiola

10 Mr. Sangare, DNGM

11 Mr. Mohamed Kone, conseiller fiscal

Companies

12 Jon North, president, North Atlantic Resources Ltd.

13 Paul Hollesen, AGA

14 Alan Fine, AGA

15 Samba Toure, Morila

16 Fritz Neethling, AGA

17 Terry Mulpeter, SEMOS

18 Sam Samake, SEMOS

19 Mahamar Haidara, SEMOS

20 Bakary Diabate, Nevsun Resources

21 Don Burton, Etruscan Resources*

22 Roy Meade, Avnel Gold Ltd.*

23 Issaka Sidibe, SEMOS

24 Graham Johnson, SEMOS

25 Mamadou Samake, Randgold Resources

International Financial Institutions

26 Craig Andrews, the World Bank

27 Boubacar Bocoum, the World Bank

28 Ted Pollett, IFC

29 Dennis Reyes, IFC*

30 Abdoul Aziz Wane, IMF, Bamako

31 Francois Nkobongo, the World Bank

32 Moussa Diara, the World Bank, Bamako

Civil Society Groups and Others

33 M. Ousmane Sy, CEPIA

34 M. Sidibe, CEPIA

35 Mme. Dembele Fatoumata Kone, legal consultant

36 Taxi driver, Bamako

37 Mamadou Millogo, Mali Finance, Bamako

38 Drissa Kone, Bamako

39 William Stringfellow, Programme Gouvernance Partagée, Bamako

40 Suleymanne Dembele, Guamina (FOE/Mali)

41 Mariam Maguiraga, GRDR

42 Tiemoko Souleymane Sangare, Fondation pour le Developpement au Sahel (FDS)

43 Mr. Aliou Maiga, CCA (Association of NGOs in Mali)

44 Mr. Alexis Kalambiry, journalist

45 Mr. Makan Dembele, Office de Radio et Television du Mali (ORTM)

46 Sory I. Keita, journalist, ORTM

47 Mr. Moussa Sanogo, Agence Malienne de Presse et de Publicité

Appendix C:
Mining Companies Operating in Mali

1 **Société de gestion Minière Sarl**
BP 198
Badalabougou, Rue 120, Porte 590
Bamako, Mali
Tel/Fax : (223) 220-7469
672-6096/646-4336

2 **Tambaoura Mining Corporation**
SEGALA Mining Corporation
Nevsun Resources Ltd.
Rue 110, Porte 329
Korofina Nord
BP E 2800
Bamako, Mali
Tel: (223) 224-0053 / 224-2785

3 **Africa Resources Sarl**
Rue 841, Porte 202
Faladié Sema
BP 366
Bamako, Mali
Tel/Fax: (223) 220-6006

4 **GEMINES Sarl**
Rue 816, Porte 184
Faladié Sema
BP 1326
Bamako, Mali
Tel: (223) 220-0024

5 **YATELA S.A.**
BP E 1194
Niaréla
Bamako, Mali
Tel: (223) 221-4747
Fax: (223) 221-4766

6 **Tambaoura Gold Resources Sarl**
BP E 125
Immeuble Dougoufana
SAMAKE-Hippodrome
Bamako, Mali
Tel: (223) 678-3334

7 **Anglogold Exploration**
BP E 76
280 Rue 326
Niaréla Extension
Tel: (223) 214-725 / 214-726
Fax: (223) 210-180

8 **Entreprise ABC Sarl**
BP 2994
Bamako, Mali
Tel: (223) 223-3156
Fax: (223) 223-3157

9 **Mali International Mining Exploration S.A.**
BP E 1519
Bamako, Mali
Tel: (223) 220-6878
Fax: (223) 220-6878

10 **Société Zoumana TRAORE Sarl**
BP 7008
Sogoniko
Bamako, Mali
Tel: (223) 220-1742
Fax: (223) 220-5988

11 **Diaka Resources Sarl**
Hamdallaye, Rue 54, Porte 207
BP 94
Tel: (223) 229-4382

12 **Société Générale Internationale**
BP 2342
Bamako, Mali
Tel: (223) 228-0010
Fax: (223) 228-1146

13 **UCEMA**
BP 1099
Djikoroni Para
Bamako, Mali
Tel: (223) 222-5595

14 **Touha Mining Sarl**
BP 456
Bd peuple Immeuble Avenue
BATHILY
41 Rue Abdoul Dramane Dravela Bko
Bamako, Mali
Tel: (223) 222-5355
Fax: (223) 222-9713

15 **Société Sekou Boukadary Sarl**
BP E 1369
Bamako, Mali
Tel: (223) 222-7314
Fax: (223)229-8585

16 **SEMOS S.A.**
BP E 1194
Niaréla
Bamako, Mali
Tel: (223) 221-4747
Fax: (223) 221-4766

17 **Manla S.A.**
BP E 1194
Niaréla
Bamako, Mali

18 **OREZONE**
BP E 4757
Immeuble ABK ACI 2000 Hamdallaye
Bamako, Mali
Tel: (223) 229-2258
Fax: (223) 229-2193

19 **Shadow Gold**
Bacodjicoroni ACI
Bamako, Mali
Tel: (223) 228-1094 /645-1234

20 **COMINOR**
Rue 110, PORTE 418
Korofina NORD
BP 2019
Bamako, Mali
Tel/Fax: (223) 224-7447

21 **North Atlantic Resources Ltd.**
Rue 816, Porte 1198
Faladié Sema
Bamako, Mali
Tel: (223) 220-3411

22 **African Goldfields Corporation**
Hippodrome, Rue 241, Porte 149
BP E 2513
Bamako, Mali
Tel: (223) 221-4860
Fax: (223) 221-1683

23 **SOMECAR Sarl**
Hamdallaye ACI 2000
Immeuble Amadou
COULIBALY
BP E 3874
Bamako, Mali
Tel: (223) 229-2326

24 **Société SISR Mining Sarl**
Hippodrome, Rue 232, Porte 1340
BP 1874
Bamako, Mali
Tel: (223) 221-2327
Fax: (223) 221-2300

25 **New Mining Mali Sarl**
BP E 1160
Porte 104, Rue 214 Hippodrome
Bamako, Mali
Tel: (223) 221-2015

26 **Anglogold Ashanti**
BP E 105
Rue 345, Porte 134 Zone Industrielle
Bamako, Mali
Tel: (223) 221-4391

27 **NGM**
Porte 614, Rue 235 Hippodrome
BP E 935
Bamako, Mali
Tel: (223) 221-5204

28 **GIE SEPOLA**
Rue 304, Porte 184 Magnambougou
Bamako, Mali
Tel: (223) 641-4367/679-0388
Fax: (223) 220 75 53

29 **Basilica International**
BP E 1519
Bamako, Mali
Tel: (223) 220-6878
Fax: (223) 223-5769

30 **N'Gary Gold S.A.**
BP 1884
Bamako, Mali
Tel: (223) 222-7229
Fax: (223) 222-8871

31 **SODINAF**
BP 8012
Quartier du Fleuve
Bamako, Mali
Tel: (223) 222-3786
Fax: (223) 222-5425

32 **Avnel Gold**
BP E 4384
Rue 240, Porte 87
Torokorobougou
Bamako, Mali
Tel: (223) 228-5943

33 **SOMILO**
Avenue Al Quoods Hippodrome
BP E 1160
Bamako, Mali
Tel: (223) 221-2959
Fax: (223) 221-4407

34 **Société Wassoul'or**
BP 8012
Quartier du Fleuve
Bamako, Mali
Tel: (223) 222-3786
Fax: (223) 222-5425

35 **SOMISY**
BP E 1160
Hippodrome
Bamako, Mali
Tel: (223) 221-2959
Fax: (223) 221-4407

36 **Bagoé National**
BP E 1519
Bamako, Mali
Tel: (223) 220-6878
Fax: (223) 220-5769

37 **SICO Sarl**
BP 3076
Korofina
Bamako, Mali
Tel: (223) 224-9326/639-2067

38 **CCRD Global Services**
BP E 2129
Sogoniko, rue 130, porte 961
Bamako, Mali
Tel: (223) 220-7909/672-1781

39 **AMEX Sarl**
BP 2450
N'Tomikorobougou, rue 658, porte 108
Bamako, Mali
Tel: (223) 222-4207/675-0799

40 **AMC**
BP 768
Sise 300 Logements Garantiguibougou
Bamako, Mali
Tel/Fax: (223) 228-7286

41 **Afrie Mines**
BP 108
Hippodrome, rue 230, porte 96
Bamako, Mali
Tel: (223) 221-4534 / 642-3106

42 **SIMEP S.A.**
BP E 2666
Avenue Cheick ZAYED
Haxndallaye, Immeuble DIARRTSSO
Bamako, Mali
TeI/Fax: (223) 229-1504

43 **Bambara Mali**
Rue 42, porte 674 Immeuble Ah DABO
Hamdallaye
Bamako, Mali
Tel: (223) 672-4192
Tel/Fax : (223) 229-7567

44 **GIE SABA KONKON**
300 Logements Garantibougou, porte 124
Bamako, Mali
Tel: (223) 637-2459
Tel/Fax: (223) 228-7286

45 **SODOFI**
BP 2315
Rue du Gouverneur, porte 1176
Bamako, Mali
Tel: (223) 220-1540
Fax: (223) 220-1544

46 **Métédia Mining**
BP E 1914
Hippodrome rue 300, porte 990
Bamako, Mali
Tel: (223) 637-0453
Tel/Fax : (223) 221-3033

47 **SOMIREX**
BP E 1225
Immeuble GOLFA (Ex-Librairie Populaire)
Bamako, Mali
Tel/Fax: (223) 223-0123

48 **Ambogo Guido**
Minerals Exploration
BP 2315
Faladié-Sema, rue 816, porte 1198
Bamako, Mali
Tel: (223) 220-3411

49 **M.A.S. Trading**
BP E 4332
N'Golonina, rue 526, porte 68
Bamako, Mali
Tel: (223) 675-4213 / 222-0271

50 **Delta Exploration Sarl**
BP 3015
Hamdallaye, rue 42, porte 674
Bamako, Mali
Tel: (223) 672-4192
Tel/Fax: (223) 229-7567

51 **Caracal Gold LLC**
BP 366
Faladié-Sema, me 841, porte 202
Bamako, Mali
Tel/Fax: (223) 220-6006 / 220-8717
Fax: (223) 220-6006

52 **Golden Horse**
03 BP 161
N'Tomikorobougou, me 108, porte 673
Bamako, Mali
Tel: (223) 222-8176

53 **AGCRI**
BP E 0984
Hamdallaye ACI 2000
Bamako, Mali
Tel: (223) 229-4118

54 **SORED**
BP 456
Immeuble Alou BATHILY
Boulevard du Peuple
Bamako, Mali
Tel: (223) 222-2347 / 222-5355
Fax: (223) 222-9713

55 **Barrick Exploration Africa Ltd**
BP 366
Faladié-Sema, Rue 841, porte 202
Bamako, Mali
Tel: (223) 220-6006
Fax: (223) 220-8717

56 **ADMI Sarl**
BP 7104
Tel: (223) 672-3813 / 648-7057

57 **CONSUL DIALLO**
BP 745
Rue 379 Porte 108 Hippodrome
Bamako, Mali
Tel: (223) 644-8183
Tel/Fax: (223) 221-0907

58 **AFCAN**
BP E 4757
ACI 2000 Hamdallaye
Immeuble ABK
Bamako, Mali
Tel: (223) 229-2258
Fax: (223) 229-2193

59 **GATS**
BP E 4781
Bamako, Mali
Tel: (223) 224-0976 / 673-0956 / 647-5202

60 **Koussilia Mining**
BP 433
Immeuble Lassana SYLLA Center
Rue Karamoko DIABY
Bamako, Mali
Tel: (223) 222-5805 / 222-9747
Fax: (223) 222-9748

61 **Diaka Resources**
BP 94
Bamako, Mali
Tel: (223) 222-1120 / 674-9909

62 **Dey Dey Mining**
BP E 144
Zone Industrielle, Rue 988, Porte 333
Bamako, Mali
Tel: (223) 221-2568

63 **SODERMI**
Place du souvenir, Immeuble Balla CAMARA
Bamako, Mali
Tel: (223) 222-2377 / 222-5020 /
(223) 672-0804 / 630-0636

64 **Randgold Resources**
BP E 1160
Avenue Al Quoods, Hippodrome
Bamako, Mali
Tel: (223) 221-2015
Fax: (223) 221-4407

Appendix D:
Perspectives on a Good Minerals Taxation Regime

In their paper on comparative mining taxation regimes in 23 countries (Mali not included), Otto, Batarseh, and Cordes provide a listing of the different perspectives of governments and corporations when it comes to taxation regimes for the minerals sector. These are extracted from their paper and listed below (excerpted with permission of Professor James Otto).

Company's perspective

Objectives:

1. Security of tenure that provides unambiguous access to any economic ore bodies discovered.
2. An overall policy environment that is transparent, predictable, stable, and based on "rule of law" standards so that decisions can be made with reasonable confidence.
3. Policies that permit realization of a rate of return on investment consistent with their perception of assumed risks, that minimize distortions in decisions, and that preserve incentives for managerial efficiency.
4. Managerial control over all operating and product sales decisions.
5. The absence of restrictions on debt servicing and on repatriation of profits and dividends.

Company preferences concerning the content and design of tax policies:

1. Taxes should be largely responsive to realized profitability.
2. Tax systems should permit an early payback of invested capital.
3. Taxes should recognize the volatility of revenues and, therefore, be sensitive to fiscal burdens when prices are low.
4. Tax regimes should be stable, predictable and transparent to reduce risks.
5. Taxes should apply only to cash flow generated by the mining project.
6. Taxes that distort costs and extraction profiles or reduce incentives for managerial efficiency should be minimized.
7. Tax regimes should encourage exploration risk-taking to find new deposits or expand existing mines.
8. Tax provisions should not discourage investment in economically marginal projects.
9. Taxation should preserve incentives for the company to invest in project improvements over time.

Government's perspective

Objectives:

1. Maximization of the present value of locally retained earnings consistent with the promotion of efficient levels of recovery and minimum disincentives for investment in new discoveries.
2. Minimization of environmental damage and the expectation that firms will compensate for the damages that result from mining.
3. The creation of economically useful forward and backward linkages to the local economy, including employment, value-added investments, local purchasing, and technology transfer opportunities.
4. Sensitivity to the social and cultural needs of local communities, including their economic and social viability after the mine closes down.

Government preferences concerning content and design of tax policies:

1. Tax systems that support macroeconomic stability by providing predictable and stable tax revenue flows.
2. Taxes that permit capturing a greater share of revenues during periods of high profits.
3. Tax regimes that can be effectively administered and involve low collection costs and possibilities for avoidance.
4. Taxes that maximize the present value of revenue receipts by providing for appropriations during early years of production.
5. Tax systems that capture windfalls from extraordinarily low-cost, high-profit projects.
6. Tax systems that are neutral and encourage economic efficiency.

Study team's comments

- What would one see through a lens of civil society?
- What would the objectives look like?
- What principles guide preferences?
- What are the preferences of civil society?

This study has shown that there is not the capacity within civil society at this time to have this discussion because so little is known and understood about mining. Transparency of revenue flows alone will not resolve this issue. Broader capacities are required to analyze the data in ways that increase understanding of the links between revenues to government and poverty eradication. One important starting place is transparency.

Reference

Otto, J., M. L. Batarseh, and J. Cordes. (2000). "Global Mining Taxation Comparative Study." Golden, CO: Institute for Global Resources Policy and Management, Colorado School of Mines.

Notes

1 Ross, 2001.
2 UNDP, 2005.
3 Transparency International, 2004.
4 IMF, 2004.
5 The World Bank, 2004a.
6 IMF, 2003.
7 UNDP, 2005, table 3, p. 229.
8 UNDP, 2005, table 25, p. 302.
9 PWYP, http://www.publishwhatyoupay.org/english/ (accessed Oct. 2006).
10 More than 300 companies, national governments, industry associations, and international organizations participated in the 2005 EITI conference.
11 EITI, 2005.
12 EITI, 2005.
13 DFID, 2003.
14 Parker and Wood, 2005.
15 The World Bank, 2004a, p. 5.
16 In Section V on the role of IFIs, we discuss the IFC's evolving draft policy on disclosure of information.
17 See Appendix A for a list of individuals interviewed.
18 The research team was unable to work out a convenient time with representatives of Resolute Mining.
19 Robert Moran, "Un heritage entache: Analyse sociale et environmentale de la mine d'or de Syama, au Mali" (Bamako, Mali: Oxfam America 2004) p. 5.
20 O'Connell, 2005.
21 O'Connell, 2005.
22 O'Connell, 2005.
23 Randgold Resources, 2005, http://www.randgold.com.
24 Hobbs and D'Souza, 2005.
25 Hobbs and D'Souza, 2005.
26 The World Bank, 2005c, p. 26.
27 Keita, 2001.
28 Hinton, Veiga, and Beinhoff, 2003.
29 Hobbs and D'Souza, 2005.
30 Article 103 of the Mining Code.
31 Lucas, 1994, table 7.
32 Lucas, 1994, table 7.
33 The "grade" of gold is assessed in terms of "x" grams per ton, i.e., one ton of earth needs to be moved and processed to extract "x" grams of gold.
34 Avnel Gold Mining Ltd., 2005.
35 Etruscan Resources Inc., 2005.
36 North Atlantic Resources Ltd., 2005.
37 The World Bank, 2005c, p. 26.
38 The World Bank, 2005c, p. 24.
39 The World Bank, 2005c, p. 24.
40 IMF, 2005.
41 International Trade Council.
42 The World Bank, 2005c, p. 22.
43 The World Bank, 2005c.
44 IMF, 1995.
45 U.S. Department of State, Background Note: Mali, http://www.state.gov/r/pa/ei/bgn/2828.htm (accessed Aug. 12, 2005).
46 U.S. Department of State, Background Note: Mali.
47 Some examples are Dakouo, 2005; Diawara, 2005; M. Kone, 2005; Sidibe, 2005; Sow, 2005.
48 Diarra, 2004.
49 Baxter, 2003; Bryant, 2005.
50 Interview with Sam Samake, SEMOS.
51 This section relies heavily on the analysis of Fatoumata Dembele Kone, a former member of the Interministerial Commission on Mines, which is charged with negotiations concerning the con-

ventions d'établissements. She participated in negotiations with Randgold for Morila and SEMOS for Yatela. Dembele was the key legal consultant to this report (F. D. Kone, 2005).

52 This was the era of the Russo-Mali technical assistance agreement. Kalana's origins reflect this. The suspension of that agreement led to the first closure of Kalana and the related efforts to attract external capital.

53 F. D. Kone, 2005.

54 OHADA is a set of commercial laws that include company laws. OHADA governs the rules for the purchase of shares also, but we were told by GOM sources that this law has not yet been used by the GOM.

55 Based on OHADA rules.

56 (1) l'Ordonnance N°99-032/P-RM du 19 août 199 portant code minier en République du Mali, ratifiée par la loi N°00-011 du 30 mai 2000. (2) L'Ordonnance N°00-013/P-RM du 10 février 2000 portant modification de l'Ordonnance N°99-032/P-RM du 19 août 199 portant code minier en République du Mali, ratifiée par la loi N°00-018 du 02 juin 2000. (3) Le décret N°99-255/P-RM du 15 septembre 1999 fixant les modalité d'application de l'Ordonnance N°99-032/P-RM du 19 août 1999 portant code minier en République du Mali. (4) Le Décret N°99-256/PM-RM du 15 septembre 1999 portant approbation de la convention d'Etablissement-type pour la prospection, la recherché, et l'exploitation des substances minérales. (5) Le décret N°00-050/PM-RM du 10 février 2000 portant approbation des modifications à la convention d'Etablissement–type pour la prospection, la recherché, et l'exploitation des substances minérales. (6) L'Arrêté interministériel N°98-1991/MF-MME du 1er décembre 1998 fixant la liste des équipements, matériels matériaux et consommables miniers bénéficiant d'avantages douaniers, en application des dispositions ad hoc du code minier.

57 Decree no. 99-256/PM-RM of Sept.15, 1999.

58 F. D. Kone, 2005.

59 Neethling, 2005b.

60 F. D. Kone, 2005; Neethling, 2005b; SEMOS, 2005a.

61 Source: SEMOS.

62 F. D. Kone, 2005.

63 Other African countries in the survey were Botswana, Burkina Faso, the Democratic Republic of Congo, Ghana, South Africa, Tanzania, Zambia, and Zimbabwe (McMahon, 2005).

64 McMahon, 2005, table 3, p.16, and table A1, p.55.

65 McMahon, 2005, table A6, p. 65.

66 Mayor's office, 2005.

67 Email communication, FDS, 2005.

68 Law no. 96-060.

69 Compiled from the World Bank, 2005a.

70 The World Bank, 2004b, p. iii.

71 The World Bank, 2004b, p. iv.

72 This work was carried out under contract N°0319/dgmp-96 with the engineering and design department of the Office of Geological Consultancy SA "BUGECO."

73 Carried out as specified in contract N°0320/dgmp-96 with the engineering and design department of Kilborn-Textult Inc.

74 Contractors were Coudert Brothers "N°265-94-7125-370-100-201141/dgmp-76" and International Mining Consultants Ltd. "N°263-94-2047-368-100-201139/dgmp-74."

75 The World Bank, 2000.

76 The World Bank, 2000.

77 And, indeed, this is reflected in the continued increase in outside investment even after the 1999 revisions.

78 The World Bank, 2005c, p. 4.

79 The World Bank, 2005c, p. 4

80 The World Bank, 2005b.

81 The World Bank, 2005c, p. 27.

82 The World Bank, 2005c, p. 27.

83 IFC, 2005.

84 Keita and Moran, 2004.

85 Minesite.com, 2005.

86 Minesite.com, 2005.

87 As of Sept. 28, 2005, Axmin became the sole owner and Newmont withdrew its interest in this concession.

88 Hinton and Beinhoff, 2003.

89 SEMOS, 2005b.

90 AGA, 2005.

91 AGA, 2005.
92 AGA, 2005.
93 SEMOS, 2005a.
94 SEMOS, 2005b.
95 AGA, 2005.
96 AGA, 2005.
97 AGA, 2005.
98 As of December 2004.
99 Neethling, 2005a.
100 Mulpeter, 2005.
101 About 80 percent of the labor force is engaged in farming and fishing (CIA, 2005).
102 Baxter, 2003; Bryant, 2005.
103 AGA, 2005.
104 Morila Mine, 2005.
105 Morila Mine, 2005.
106 Morila Mine, 2005.
107 Mayor's office, 2005.
108 The patent tax is 0.5 percent of "tangible assets value used for mining operations," and is paid just once a year, no later than May 1 (SEMOS, 2005a).
109 The World Bank, 2005c, p. 26.
110 Parker, 2003.
111 Based on OHADA rules.
112 Otto, Batarseh, and Cordes, 2000.

Pictured here, Fanta Diakité is one of the leaders of a women's development organization in Sadiola. Since the mine displaced their village, she and her family now have to walk nearly eight miles each way around the perimeter of the Sadiola Hill Mine so that they can reach their fields, where they grow corn and groundnuts.

BRETT ELOFF/OXFAM AMERICA

References

1 Avnel Gold Mining Ltd. Aug. 8, 2005. Avnel hits high-grade mineralization in a new gold discovery at the Kalana Property, South Mali. Press release, London.

2 Baxter, J. 2003. Anger grows in Mali's gold town. Focus on Africa, BBC, April 4.

3 Bryant, E. 2005. Mining village battles for share of wealth. United Press International, Sept. 22.

4 Central Intelligence Agency (CIA). 2005. "CIA world factbook," s.v. "Mali." Washington, DC: CIA.

5 Dakouo, P. B. 2005. Mines d'or de Sadiola et Yatela: Plus de 300 milliards pour l'economie nationale. http://www.info-matin.com (accessed Oct. 6, 2005).

6 DFID. June 17, 2003. EITI. DFID. http://www.eitransparency.org (accessed Sept. 8, 2005).

7 Diarra, L. 2004. L'or ne fait pas que du bonheur. L'Essor. Sept. 22.

8 Diawara, O. 2005. Mine d'or de Sadiola: Une bouffee d'oxygene pour l'economie malienne. Canard Déchaîné, May 11. http://lecanardlibre.blog.lemonde.fr (accessed Oct. 6, 2005).

9 EITI. 2004. Mining reporting guidelines. http://www.eitransparency.org (accessed July 19, 2005).

10 EITI. 2005. EITI Conference, London.

11 Etruscan Resources Inc. Aug. 15, 2005. High-grade gold zone proving up at Etruscan's Finkolo Project in Mali. Press release, Windsor, Nova Scotia. http://www.etruscan.com/i/pdf/2005-08-15_NR.pdf (accessed Oct. 7, 2005).

12 Hinton, J., M. Veiga, and C. Beinhoff. 2003. Women and artisanal mining: Gender roles and the road ahead. In "The socio-economic impacts of artisanal and small-scale mining in developing countries," ed. G. Hilson. Lisse, the Netherlands: Swets & Zeitlinger Publishers.

13 Hobbs, J., and K. D'Souza. 2005. "CASM Africa." Addis Ababa, Ethiopia: DFID.

14 IFC. 2005. Consultation response—IFC policy on disclosure of information. Unpublished manuscript, Washington, DC.

15 IMF. April 12, 1995. IMF approves third annual loan for Mali. Press release, Washington, DC. http:/www.imf.org/external/np/sec/pr/1995/pr9522.htm (accessed July 19, 2005).

16 IMF. 2003. "Mali: Enhanced initiative for heavily indebted poor countries—completion point document." Washington, DC: IMF. Also available online at http://www.imf.org/external/pubs/cat/longres.cfm?sk=16399.

17 IMF. 2004. "International financial statistics." Washington, DC: IMF Economic Systems Division.

18 IMF. 2005. "Mali: First review under the three-year arrangement under the poverty reduction and growth facility." Report no. 05/129. Washington, DC: IMF.

19 International Trade Council. Exports 2000–2004, product group 263—cotton. International Trade Council, International Trade Statistics. http://www.intracen.org/tradstat/sitc3-3d/ep263.htm (accessed Aug. 20, 2005).

20 Keita, Seydou. 2001. "Study on artisanal and small-scale mining in Mali." London: International Institute for Environment and Development.

21 Keita, Seydou, and Robert Moran. 2004. "Synthese du partage des resultats de l'etude d'evaluation des impacts de la Mine de Syama." Bamako, Mali: Sahel Development Foundation.

22 Kone, F. D. 2005. Document de synthese de la politique miniere au Mali et du code minier. Unpublished manuscript, Bamako, Mali.

23 Kone, M. 2005. Violations repetees des textes de la republique: Qui protege les societes minieres etrangeres exercant dans notre pays? Nouvelle Liberation. Aug. 19. http://www.nouvelleliberation.com (accessed Oct. 6, 2005).

24 Lucas, G. M. 1994. "Gold." USGS. http:/minerals.usgs.gov/minerals/pubs/commodity/gold/300494.pdf (accessed July 19, 2005).

25 Mayor's office. 2005. Sadiola commune revenue table 5.

26 McMahon, Fred. 2005. "Annual survey of mining companies, 2005/2006." Vancouver, BC: Fraser Institute.

27 Minesite.com. May 4, 2005. Resolute mining decides to go ahead with re-development of Syama Mine in Mali following publication of BFS. Press release. http://www.minesite.com (accessed 2005).

28 Morila Mine. 2005. Community Social Investment.

29 Mulpeter, T. 2005. Email communication.

30 Neethling, F. 2005a. Response to questions posed to AGA by authors on local versus foreign spend.

31 Neethling, F. 2005b. Response to questions posed to AGA by authors on mining in Mali.

32 North Atlantic Resources Ltd. Sept. 21, 2005. Delineation drilling starts at the FT gold project in Southern Mali. Press release, Toronto, ON.

33 O'Connell, Rhona. 2005. Nothing seems to stop gold demand growth. Mineweb, Sept. 7. http://www.mineweb.net/sections/gold_silver/482260.htm (accessed Sept. 7, 2005).

34 Otto, J., M. L. Batarseh, and J. Cordes. 2000. "Global Mining Taxation Comparative Study." Golden, CO: Institute for Global Resources Policy and Management, Colorado School of Mines.

35 Parker, A. R. 2003. "Discovering how direct relationships between multinational businesses and community groups can improve development effectiveness." Ann Arbor, MI: University Microfilms International.

36 Parker, A. R., and F. Wood. 2005. Interview notes—Mali: Business-community synergies.

37 Ross, Michael. 2001. "Extractive sectors and the poor." Boston: Oxfam America.

38 SEMOS. 2005a. Financial tables.

39 SEMOS. 2005b. SEMOS and Yatela media briefing. Presentation, Sadiola, Mali.

40 Sidibe, I. 2005. Exploitation miniere au Mali: La contribution de Sadiola et de Yatela a l'economie malienne. Soir de Bamako, May 10.

41 Sow, M. 2005. Mines d'or de Sadiola et Yatela: Quel impact sur l'economie nationale? Nouvel Horizon, Sept. 5. http://www.malipages.com/presse/news_05_05/news_0035.asp (accessed October 6, 2005).

42 Transparency International. Oct. 20, 2004. Corruption perceptions index 2004. Berlin: Transparency International. http://www.transparency.org (accessed Oct. 7, 2005).

43 UNDP. 2005. Human development indicators. In "Human development report." New York: UNDP.

44 The World Bank. 2000. "Mali: Economic management operation." Project abstract. Washington, DC: The World Bank. http://www.worldbank.org (accessed Sept. 7, 2005).

45 The World Bank. 2004a. "Striking a better balance: The World Bank Group and extractive industries." Washington, DC: The World Bank.

46 The World Bank. 2004b. "Extracting sustainable advantage? Draft World Bank Group management response." Washington, DC: IFC.

47 The World Bank. 2005a. "IBRD/IDA commitments for Mali." BCS compilation. http://www.worldbank.org (accessed Sept. 8, 2005).

48 The World Bank. 2005b. "Mali Growth Support Project: Integrated safeguards data sheet." Washington, DC: The World Bank. http://www.worldbank.org (accessed Sept. 7, 2005).

49 The World Bank. 2005c. "Project appraisal document for a Growth Support Project." Washington, DC: The World Bank. http://www.worldbank.org (accessed Sept. 7, 2005).

A loader moves ore to be processed at the Sadiola Hill Mine. Excavation is being carried out in three main areas totaling 2,450 acres.


BRETT ELOFF/OXFAM AMERICA

Oxfam America is a Boston-based international development and relief agency and an affiliate of Oxfam International. Working with local partners, Oxfam delivers development programs and emergency relief services, and campaigns for change in global practices and policies that keep people in poverty. For further information, please visit www.oxfamamerica.org.

Oxfam International is a confederation of 12 organisations working together in more than 100 countries to find lasting solutions to poverty and injustice: Oxfam America, Oxfam Australia, Oxfam-in-Belgium, Oxfam Canada, Oxfam Germany, Oxfam Great Britain, Oxfam Hong Kong, Intermón Oxfam (Spain), Oxfam Ireland, Oxfam New Zealand, Novib Oxfam Netherlands, and Oxfam Quebec. Please call or write to any of the agencies for further information, or visit www.oxfam.org.

Email: info@oxfamamerica.org

“We need to…share information. People need to understand mining better: the objectives and interests of those who are promoting mining and…the problems that people near mines are facing.

“How can they profit from the exploitation of mineral resources? After all, these are national resources, so how can these benefits be shared with people?”

Yaya Touré, NGO coalition of the Kayes region

Hidden Treasure?

Gold is now Mali's leading export. If the country's mineral wealth is managed wisely, it holds the potential to contribute to economic development and poverty reduction. Increasing the transparency of mining revenue management is a critical part of this equation. This report examines current laws and practices relating to mining revenue management in Mali and presents a series of recommendations for improving transparency and information disclosure.

Oxfam America Headquarters
226 Causeway Street, 5th Floor
Boston, MA 02114-2206 USA
(800) 77-OXFAM

info@oxfamamerica.org
www.oxfamamerica.org

West Africa Regional Office
BP 7200, Rue 4, 16, Point E
Dakar, Senegal
(22) 1-869-0299

Policy & Advocacy Office
1100 15th Street NW, Suite 600
Washington, DC 20005 USA
(202) 496-1170

Oxfam
America

0606026