

# BURKINA FASO

Steering Committee for the  
Extractive Industries Transparency Initiative

## VALIDATION REPORT

Payment certificate to be  
added to appendix IV

*This Validation Report has been translated from French  
by the EITI International Secretariat  
Should any doubt arise, the French version prevails*



# BURKINA FASO

## Steering Committee for the Extractive Industries Transparency Initiative

### SUMMARY

Since signing up in May 2009 and gaining Candidate country status, the government of Burkina Faso has implemented the Extractive Industries Transparency Initiative with the following features:

- A balanced multi-stakeholder group, organised on the basis of two Committees
- A structured, effective Permanent Secretariat
- A high level of government involvement with the State budget covering 58% of expenditure as set out in the work plan
- Regular activity on the part of the Committees
- Extensive sign up among companies
- Active participation in the process on the part of civil society
- A data reconciliation process hampered by the fallout from the crisis in Côte d'Ivoire
- Extension of the Validation deadline until 14th November 2011
- An EITI report published covering data from the years 2008 and 2009

The progress achieved by the National Initiative is therefore evident.

However, the reconciliation process for 2008 and 2009 has brought to light some technical shortcomings which should be corrected in the next EITI report in order to achieve Compliance.

Mr. Lucien Marie Noël Bembamba  
Chairman of the EITI-BF Supervisory  
Committee  
Ouagadougou  
Burkina Faso

Paris, 30th August 2011

## EXECUTIVE SUMMARY

Subject: VALIDATION REPORT  
EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE, BURKINA FASO

Dear Mr Chairman,

### *The context*

The Extractive Industries Transparency Initiative (EITI) aims to improve the transparency of revenues from extractive activities in countries with oil, gas and mining resource wealth.

Burkina Faso signed up to EITI in 2008 and has enjoyed Candidate country status since May 2009. In order to attain the status of Compliant country, Burkina Faso must provide the EITI Board with an independent assessment of its progress in implementing EITI principles: Validation.

EITI Burkina Faso has obtained a deadline extension of six months to complete its Validation process. The new deadline is now set for 14 November 2011.

The period covered by this Validation exercise begins at the point at which the country signed up to EITI and ends on 12 August 2011. This is so that the Validation Report can be presented to the Validation Committee at the beginning of September 2011.

Our firm, CAC 75, was selected through an international invitation to tender to carry out Validation of the Initiative in Burkina Faso, in the capacity of Validator accredited by the EITI Board, on the basis of agreed-upon procedures and in accordance with the Validation Guide.

### *Tasks completed*

We began our work in April 2011 by analysing the supporting documentation of the EITI Process in Burkina Faso. Special attention was paid to work plans of 2008 to 2011; to orders and decrees; minutes of the various meetings of the Supervisory Committee and the Steering Committee; and also to the 2008-2009 EITI report by the independent Reconciler. We also sent self-evaluation forms to the main mining sector companies.

We then held a series of interviews in Ouagadougou with representatives of the various stakeholders including the Minister of Mines, Quarries and Energy, the Minister of Territorial Government and Decentralisation, the Minister of the Environment and Sustainable Development, the Minister of Industry, Trade, Private Entrepreneurship and Small Business

and the Minister Delegate Responsible for the Budget. Further interviews enabled us to collect the views of members of the Supervisory Committee and the Steering Committee and also of representatives of the World Bank, development partners, civil society and companies which are not members of the Committees. A full list of these interviews appears in Part Two of this Report. We also interviewed the independent Reconciler responsible for producing the 2008-2009 EITI report.

The draft of the Validation Report was submitted to the Steering Committee in April 2011 in support of the Validation deadline extension request.

The draft of the Validation Report was then adjusted to reflect the comments of the Validation Committee and multi-stakeholder group, then updated to include actions undertaken by the National Initiative since April 2011. These amendments were submitted to the Steering Committee on 12 August 2011. The final version of the Validation Report was then approved by the Steering Committee.

## Validation Overview

- *Country Work Plan*

A detailed analysis of the Country Work Plan appears in Part Three of this Validation Report.

The Steering Committee produced four successive work plans:

- The first work plan covers the period 2008-2009. It was discussed and approved by the Steering Committee on 15 July 2008 but contained numerous shortcomings;
- It was replaced by a work plan which extended into 2011. The new 2008-2011 work plan includes six principle objectives, has an implementation timetable and is costed. It was adopted by the Steering Committee on 11 February 2009. However, the 14 May 2011 deadline was not taken into account in the planning of actions;
- A first revision of the 2008-2011 work plan was presented to the Steering Committee in April 2010. This revised work plan includes the same objectives as the previous version but dispenses with the production of a second EITI report in order to respect the Validation deadline;
- A second revision of the 2008-2011 work plan was adopted in August 2010. It appears in appendix I. The six objectives remain unchanged but all 29 actions are now included in a structured implementation schedule in order to allow for unavoidable delays in mobilising funding from the World Bank Multi-Donors Trust Fund.

The provisional budget in the work plan totals US\$1,124,969 distributed as follows across the six objectives:

- US\$166,207 for setup costs (equipment, premises)
- US\$470,297 for operating costs (wages, communications strategy, website)
- US\$331,200 for capacity building
- US\$73,000 for the preparation of the 2008-2009 EITI report
- US\$82,000 for the Validation process
- US\$2,265 for other costs

Funding comes from three different sources: US\$649,269 (58%) from the State budget; US\$245,000 (22%) from the World Bank Multi-Donors Trust Fund; and US\$230,700 (20%) from other development partners.

The National Initiative eventually received 95% of the funding forecast in the work plan, i.e. US\$1,063,799 as against US\$1,124,969 initially forecast. To date, US\$745,707 (70% of funding received) has been used.

The work plan is available on the National Initiative website: [www.itie-bf.gov.bf](http://www.itie-bf.gov.bf).

Now that an extension to the Validation deadline has been secured, a draft work plan is currently under discussion for the period 2008-2012. It includes plans to complete dissemination activities for the first EITI report and to prepare a second EITI report covering reconciliation of the data for 2010.

- *Progress to date*

Analysis of the implementation of the Extractive Industries Transparency Initiative by Burkina Faso shows three principal phases:

- Gaining Candidate country status (2008 – May 2009)

In 2008 and 2009, the government provided the country with the structures necessary for implementing the National Initiative: on 16 April 2008, the Council of Ministers adopted an institutional structure to oversee EITI activities which included a Supervisory Committee, a Steering Committee and a Permanent Secretariat. On 15 May 2009, the country achieved Candidate country status. On 17 July 2009, two modifying decrees were adopted to strengthen the presence of civil society representatives on the two Committees. Thanks to effective action on the part of the government, since July 2009, EITI in Burkina Faso has benefited from an efficient organisational structure with which to implement the work plan with 58% of its funding coming from the State budget.

- Mobilisation of funding included in the work plan (May 2009 – June 2010)

The time required to mobilise supplementary funding from the World Bank Multi-Donors Trust Fund and development partners was under-estimated in the work plan leading to a delay in implementation.

- Accelerated implementation of activities from June 2010

After funds were made available in June 2010, the recruitment processes were launched for consultants to take charge of data reconciliation; to develop the National Initiative communications strategy; and to create the website. They began their work in September 2010. The website was inaugurated in October 2010 and a draft report on the communications strategy was submitted to the Steering Committee at the beginning of April 2011.

The independent Reconciler, based in Abidjan, presented a first version of the 2008-2009 EITI report in December 2010. However the effects of the crisis in Côte d'Ivoire have delayed the finalisation of the process. Following a number of corrections and despite the existence of significant technical shortcomings<sup>1</sup>, the multi-stakeholder group approved the first EITI report in March 2011.

The survey of sector revenues would certainly have been more complete<sup>2</sup> if companies which began production in 2008 had been included within the scope of the 2008-2009 EITI report.

As a result of the socio-political crisis that engulfed Burkina Faso in April to June 2011, the National Initiative has not been able to make full use of the Validation deadline extension

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<sup>1</sup> The data reconciliation process and the 2008-2009 EITI report feature significant technical shortcomings. These are detailed in Part Four of this Validation Report (indicator 16)

<sup>2</sup> In 2008, SEMAFO paid 660 million FCFA in royalties and BMC paid 349 million FCFA (according to statistics from the Ministry of Mines, Quarries and Energy, April 2011)

granted. Certain key actions have, however, been finalised: the 2008-2009 EITI report (including a summary version) has been published and a new work plan and draft terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report are currently being prepared.

- *The Validation Grid*

A detailed analysis of the Validation Grid and the corresponding indicators appears in Part Four of this Report.

**On the basis of the completed work described above, we consider that Burkina Faso has achieved EITI Compliance for indicators 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 18.**

**We consider that Burkina Faso has not achieved EITI Compliance for indicators 14, 15, 16 and 17.**

- *Company implementation of EITI*

All of the mining sector companies are positive about the EITI objective. They participate in implementing the National Initiative, are active on the Committees, have not raised any difficulties regarding data confidentiality, have accepted publication of disaggregated data in the 2008-2009 EITI report and have cooperated with the independent Reconciler.

However, there are criticisms on the part of companies relating to the lack of preparation in the first reconciliation process and lack of consistency in the scope adopted.

Six out of eight companies chosen which fell outside of the scope of the 2008-2009 EITI report responded to our requests for self-evaluation forms and confirmed the findings of our interviews. Analysis of the responses appears in Part Five of this Report. The self-evaluation forms appear in appendix II.

- *Recommendations*

Based on our observations during our mission in April 2011, we have set out a number of recommendations to improve the quality of National Initiative implementation. These recommendations are set out in the sixth and final part of the Report.

The deadline extension granted by the Validation Committee has enabled the National Initiative to implement the majority of these recommendations:

- A new work plan is currently being prepared – *Recommendation 3*
- The 2008-2009 EITI report is currently being disseminated – *Recommendation 11*
- The terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report are currently under discussion – *Recommendation 12*. This document makes the following provisions:
  - o Extend the scope to include further companies – *Recommendation 4*
  - o Limit future reconciliations to material benefit streams – *Recommendation 5*
  - o Improve formats for the reporting templates – *Recommendation 6*
  - o Ensure that possible conflicts of interest are considered during the selection of the independent Reconciler – *Recommendation 7*
  - o In future reconciliations, obtain company reporting templates ratified by auditors – *Recommendation 8*
  - o In future reconciliations, obtain a Representation letter from the government administrations – *Recommendation 9*
  - o Improve company understanding of the reporting templates – *Recommendation 10*

Yours sincerely,



Hugues Renaux  
Partner, CAC 75

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## Key abbreviations used in this document

### Government bodies

DGI	General Directorate of Taxes ( <i>Direction Générale des Impôts</i> )
DGD	General Directorate of Customs ( <i>Direction Générale des Douanes</i> )
DGMGC	General Directorate of Mines, Geology and Quarries ( <i>Direction Générale des Mines, de la Géologie et des Carrières</i> )
DGTCP	General Directorate of the Treasury and Public Accounting ( <i>Direction Générale du Trésor et de la Comptabilité Publique</i> )

### Civil society

AJB	Journalists' Association of Burkina ( <i>Association des Journalistes du Burkina</i> )
AMBF	Association of Municipal Authorities of Burkina Faso ( <i>Association des Municipalités du Burkina Faso</i> )
ARBF	Association of Regions of Burkina Faso ( <i>Association des Régions du Burkina Faso</i> )
CGD	Centre for Democratic Governance ( <i>Centre pour la Gouvernance Démocratique</i> )
ORCADE	Organisation for Capacity Building and Development ( <i>Organisation pour le Renforcement des Capacités de Développement</i> )
PWYP	Publish What You Pay
REN-LAC	National Network for the Fight Against Corruption ( <i>Réseau National de Lutte Anti-Corruption</i> )
SPONG	Permanent Secretariat of Non-Governmental Organisations ( <i>Secrétariat Permanent des Organisations Non-Gouvernementales</i> )

### Mining companies

BMC	Burkina Mining Company
SMB	Bélahouro Mining Company ( <i>Société des Mines de Bélahouro</i> )
SMG	Gonaba Mining Company ( <i>Société des Mines de Gonaba</i> )
SEMAFO	Mining Company of West Africa ( <i>Société d'Exploitation Minière d'Afrique de l'Ouest</i> )
SOMITA	Taparko Mining Company ( <i>Société des Mines de Taparko</i> )

### Taxes and duties

AIB	Advance Payment of Profits Taxes ( <i>Acompte sur Impôt sur Bénéfice</i> )
BIC	Industrial and Commercial Profits Tax ( <i>Impôt sur les Bénéfices Industriels et Commerciaux</i> )
CPVI	Contribution to the Imports Verification Programme ( <i>Contribution pour le Programme de Vérification des Importations</i> )
DD	Customs Duties ( <i>Droits de Douane</i> )
IMFPIC	Minimum Fixed Tax on Industrial and Commercial Undertakings ( <i>Impôt Minimum Forfaitaire sur les Professions Industrielles et Commerciales</i> )
IRC	Tax on Income from Loans ( <i>Impôt sur le Revenu des Créances</i> )
IRVM	Tax on the Revenue from Securities ( <i>Impôt sur le Revenu des Valeurs Mobilières</i> )
PC	Community Charge ( <i>Prélèvement Communautaire</i> )
PCS	Community Solidarity Charge ( <i>Prélèvement Communautaire de Solidarité</i> )
RCP	Remuneration for Private Copy ( <i>Rémunération pour Copie Privée</i> )
RET	Deductions at Source on Payments to Contractors ( <i>Retenues à la source sur les sommes versées à des prestataires</i> )
Ret/RF	Land Tax Deductions ( <i>Retenue de l'Impôt sur les Revenus Fonciers</i> )
RI	IT Fees ( <i>Redevance Informatique</i> )
RRO	Remuneration for the Reproduction of Artistic and Literary Works ( <i>Rémunération pour la Reprographie des Œuvres littéraires et artistiques</i> )

	in graphical and analogue formats
RS	Statistical Tax ( <i>Redevance Statistique</i> )
RSP	Special Remittance ( <i>Remise Spéciale</i> )
TBMM	Tax on Property in Mortmain ( <i>Taxe sur les Biens de Main Morte</i> )
TMB	Tax on Profit Margins ( <i>Taxe sur la Marge Bénéficiaire</i> )
TPA	Apprenticeship Tax on Employers ( <i>Taxe Patronale d'Apprentissage</i> )
TVA	Value Added Tax ( <i>Taxe sur la Valeur Ajoutée</i> )

#### Other abbreviations

APBEF-B	Professional Association of Banks and Financial Establishments of Burkina ( <i>Association Professionnelle des Banques et Etablissements Financiers du Burkina</i> )
BCEAO	Central Bank of West African States ( <i>Banque Centrale des Etats d'Afrique de l'Ouest</i> )
CAFEC-KA	Komboïgo & Partners, Financial Auditing and Accountancy Expertise Company ( <i>Cabinet d'Audit Financier et d'Expertise Comptable – Komboïgo &amp; Associés</i> )
EITI	Extractive Industries Transparency Initiative
MDTF	Multi-Donors Trust Fund (World Bank)

# E EITI IN BURKINA FASO

The objective of EITI

EITI Validation process

Extractive industries in Burkina Faso

The Initiative in Burkina Faso

Scope of the 2008-2009 EITI report

## ✓ The objective of EITI

The Extractive Industries Transparency Initiative (EITI) aims to improve transparency over payments which oil, gas and mining companies make to the government of a country.

Countries sign up voluntarily and implementation is the responsibility of governments.

Each country is free to choose its own practical means of implementation within EITI Rules. The National Initiative must therefore guarantee the following<sup>1</sup>:

### 1. Regular publication of payments and revenues received by governments from oil, gas and mining companies

"Regular publication of all material oil, gas and mining payments by companies to governments ("payments") and all material revenues received by governments from oil, gas and mining companies ("revenues") to a wide audience in a publicly accessible, comprehensive and comprehensible manner<sup>3</sup>"

### 2. Audit of payments and revenues according to international standards

"Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards<sup>1</sup>"

### 3. Reconciliation of payments and revenues by an independent Reconciler

"Payments and revenues are reconciled by a credible, independent Reconciler, applying international auditing standards and with publication of the administrator's opinion regarding that reconciliation including discrepancies, should any be identified<sup>1</sup>"

### 4. Participation of state-owned companies

"This approach is extended to all companies including state-owned enterprises<sup>1</sup>"

### 5. Active involvement of civil society

"Civil society is actively engaged as a participant in the design, monitoring and evaluation of this process and contributes towards public debate<sup>1</sup>"

### 6. Development and publication of a detailed, financially sustainable work plan

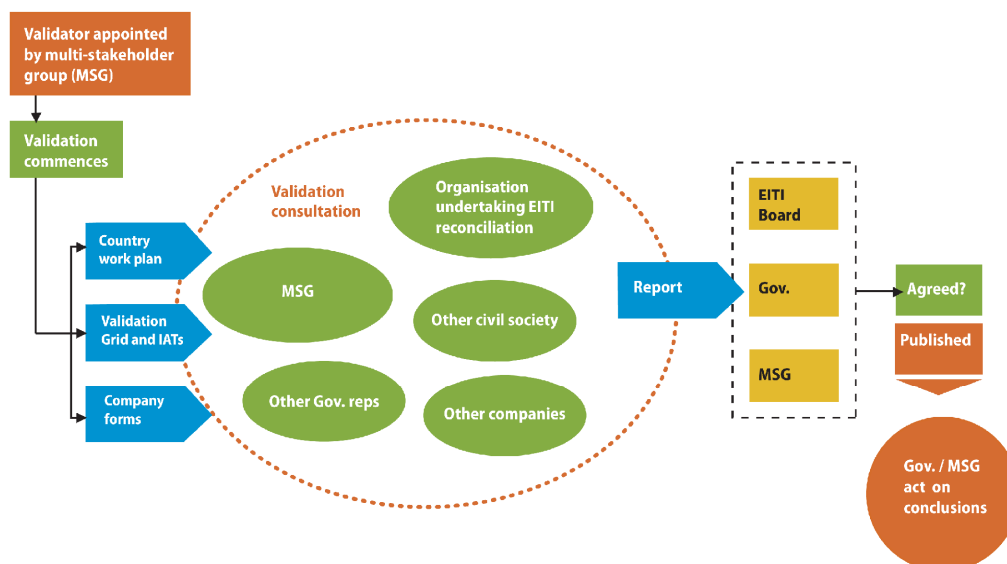
"A public, financially sustainable work plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints<sup>1</sup>"

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<sup>3</sup> Criteria according to EITI Rules

## ✓ EITI Validation process

The purpose of Validation is to judge whether the National Initiative has achieved EITI Compliance. The validation process can be broken down as follows:



*The Validation process*

The Validator uses three key documents to carry out the Validation process:

- The Country Work Plan, created and approved by the Steering Committee (2008-2011 work plan appears in appendix I)
- The company self-evaluation forms submitted to the Validator (appendix II)
- The EITI Validation Guide, published by the EITI Board (see appendix III)

Validation begins with an analysis of the supporting documentation relating to the development of the EITI Process in the country. Self-evaluation forms are sent to the companies involved for them to assess the quality of their own EITI implementation.

Validation continues through a series of interviews with the stakeholders of the Initiative, in particular: the multi-stakeholder group (representatives of the government, companies and civil society), the organisations appointed to reconcile the figures and other principal stakeholders (funding organisations, companies and civil society organisations outside the multi-stakeholder group).

The Validation Report includes:

- Progress of the Country Work Plan
- Analysis of each indicator in the Validation Grid
- The completed Validation Grid
- Progress of company implementation of EITI rules
- Self-evaluation forms received from companies
- Overall assessment of the National Initiative implementation

The Validation Report is sent to the multi-stakeholder group for comment and endorsement and then to the EITI Board for its decision on country Compliance.

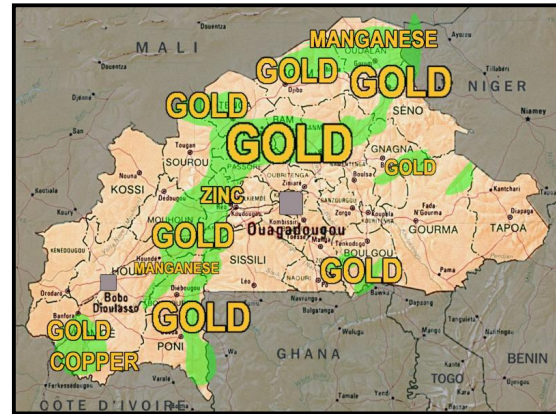
✓ Extractive industries in Burkina Faso

• Reserves

Since the 1990s, Burkina Faso has seen significant development of mining exploration activities in its territory.

The country's mining resources consist mainly of gold. While panning for gold occurs throughout the country, gold reserves known to be industrially viable are locally concentrated.

Reserves of manganese and zinc have also been discovered. There is a significant manganese deposit in the north of the country while another, smaller deposit is located in the west of the country. Exploitation of this mineral ore began in 2010.



*Extractive activity reserves in Burkina Faso*

Finally, there are zinc reserves situated some 100km west of Ouagadougou.

• Production

Gold production has increased sharply during recent years, climbing from 0.7 tonnes in 2007 to 26 tonnes forecast for 2011. Four companies were responsible for industrial production in 2008 and 2009 and six companies in 2010.

in tonnes	2007	2008	2009	2010	2011 *
Industrial businesses	0.4	5.0	11.6	22.0	25.0
Artisanal activities	0.3	0.4	0.5	1.0	1.0
<b>National production</b>	<b>0.7</b>	<b>5.4</b>	<b>12.1</b>	<b>23.0</b>	<b>26.0</b>

\* Forecast

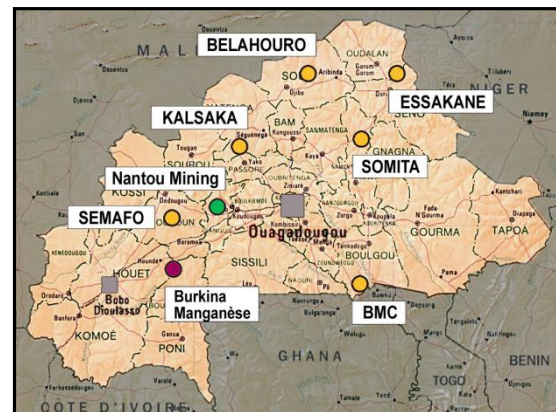
Sources : - Guide to Mining Investment in Burkina for years 2007, 2010 and 2011  
 - Mining statistics of the Ministry of Mines, Quarries and Energy for years 2008 and 2009

In 2008<sup>4</sup>, SEMAFO produced 2.3 tonnes of gold; BMC produced 1.4 tonnes; SOMITA 1.0 tonne; and Kalsaka Mining 0.3 tonnes.

*Gold production in Burkina Faso*

In 2009, SEMAFO produced 4.8 tonnes of gold; BMC produced 1.9 tonnes; SOMITA 3.0 tonnes; and Kalsaka Mining 1.9 tonnes.

In 2010, Essakane and Bélahouro began producing gold ore. Similarly, Burkina Manganese has commenced manganese exploitation.



*Principal mining companies in Burkina Faso*

Since 2010, this semi-artisanal activity has developed through the entry into production of three semi-industrial production units: Epsilon Gold, Ores Resources and the Gonaba Mining Company (*Société des Mines de Gonaba*).

<sup>4</sup> Mining statistics from the Ministry of Mines, Quarries and Energy – April 2011

## ✓ The Initiative in Burkina Faso

Burkina Faso signed up to EITI to improve the transparency of payments and revenues in the mining sector. The National Initiative structures were created in December 2008 and the country was declared a Candidate country on 15 May 2009.

The 2008-2011 work plan is available on the National Initiative website: [www.itie-bf.gov.bf](http://www.itie-bf.gov.bf).

The National Initiative had until 14 May 2011 to complete Validation. Due to the impact of the crisis in Côte d'Ivoire on the preparation<sup>5</sup> of the first EITI report, the National Initiative requested a Validation deadline extension on 7 February 2011. This request was accepted by the EITI Board and a new deadline of 14 November 2011 was set.

## ✓ Scope of the 2008-2009 EITI report

### • Sectors included

The scope of data reconciliation for the years 2008 and 2009 covered the gold mining sector.

### • Companies in production<sup>6</sup>

In 2008, only one company in the production phase was included within the scope:

- Taparko Mining Company (SOMITA)

In 2009, the scope included four companies in the production phase:

- Taparko Mining Company (SOMITA)
- The Burkina Mining Company (BMC)
- Kalsaka Mining SA
- Mining Company of West Africa (SEMAFO)

### Shareholders

The Taparko Mining Company (SOMITA) is 90% owned by the High River Gold group and 10% by the State.

The Burkina Mining Company (BMC) is 90% owned by the Etruscan group and 10% by the State.

Kalsaka Mining S.A. is 90% owned by the Cluff Gold group and 10% by the State.

The West African Mining Company (SEMAFO) is 90% owned by the SEMAFO group and 10% by the State.

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<sup>5</sup> The independent Reconciler is based in Abidjan

<sup>6</sup> According to the 2008-2009 EITI report

## • Financial flows

The scope of revenue flows in the 2008-2009 EITI report covers the following taxes and duties:

Revenues collected by the General Directorate of Customs:

- Customs Duty (DD)
- Statistical Tax (RS)
- Community Solidarity Charge (PCS)
- Community Charge (PC)
- Value Added Tax (TVA)
- Contribution to the Imports Verification Programme (CPVI)
- Advance Payment of Profits Taxes (AIB)
- Tolls
- Remuneration for Private Copy (RCP)
- IT Fees (RI)
- Remuneration for the Reproduction of Artistic and Literary Works in graphic and analogue formats (RRO)
- Special Remittance (RSP)
- Tax on Profit Margins (TMB)

Revenues collected by the General Directorate of Taxes:

- Industrial and Commercial Profits Tax (BIC)
- Tax on the Revenue from Securities (IRVM)
- Tax on Income from Loans (IRC)
- Land Tax Deductions (Ret/IRF)
- Deductions at Source on Payments to Contractors (RET)
- Single Tax on Wages and Salaries (IUTS)
- Minimum Fixed Tax on Industrial and Commercial Undertakings (IMFPIC)
- Apprenticeship Tax on Employers (TPA)
- Patent
- Tax on Property in Mortmain (TBMM)
- Value Added Tax (TVA)

Revenues collected by the General Directorate of Mines, Geology and Quarries:

- Fixed Duties
- Surface Tax
- Royalties
- Documentation costs
- Fines

Revenues collected by the General Directorate of the Treasury and Public Accounting:

- Dividends paid to the State

## INTERVIEW PARTICIPANTS

Members of the Supervisory Committee

Members of the Steering Committee

Representatives of the Permanent Secretariat

Representative of the independent Reconciler of the  
2008-2009 EITI report

Representatives of the World Bank

Representatives of development partners not members of the  
Committees

Representatives of civil society not members of the Committees

Government representative not a member of the Committees

The participants interviewed in Ouagadougou during Phase II of the EITI Validation process in Burkina Faso are listed hereafter.

## ✓ Members of the Supervisory Committee

Name	Role/title	Organisation represented
<i>Government representatives</i>		
KABORE Salif Lamoussa	Minister	Ministry of Mines, Quarries and Energy
BOUGOUMA Jérôme	Minister	Ministry of Territorial Administration and Decentralisation
SAWADOGO Salifou	Minister in the previous government	Ministry of Environment and Sustainable Development
KAFANDO Patiendé Arthur	Minister	Ministry of Industry, Trade, Private Entrepreneurship and Small Business
ZOUNDI François Marie Didier Adama	Minister Delegate of the Budget	Ministry of Economy and Finance
Name	Role/title	Organisation represented
<i>Civil society representatives</i>		
BAGUEMZANRE Thomas	Mayor of Kindi Commune (Administrative district)	Association of Municipal Authorities of Burkina (AMBF)
Name	Role/title	Organisation represented
<i>Representatives of companies</i>		
OUEDRAOGO Elie Justin	Chairman	Professional Mining Circle of Burkina Faso
NANA Djeneba	Deputy Director General	Kalsaka Mining SA
ZANGA Boubakar Bila	Chairman/Director General	Burkina Mining Company SA (BMC)
BARRY Adama	Director General	Nantou Minin

## ✓ Members of the Steering Committee

Name	Role/title	Organisation represented
<u>Government representatives</u>		
KABORE Tibila	Chairman of the Steering Committee - General Secretary	Ministry of Economy and Finance
DOMBOUE Sylvain	General Secretary	Ministry of Mines, Quarries and Energy
GUIRO Ousmane	Director General of Customs	General Directorate of Customs
SAWADOGO Filga Michel	Director General of Taxes	Ministry of the Economy and Finance
NOMBRE Mabourlaye	Director General of Mines	Ministry of Mines, Quarries and Energy
GUIRA Léonard	Director General of Territorial Communities	Ministry for Territorial Administration and Decentralisation
BARRY Ousmane Omar	Director General of Industrial Development	Ministry of Industry, Trade, Private Entrepreneurship and Small Business
Name	Role/title	Organisation represented
<u>Civil society representatives</u>		
PIOUPARE Françoise	Representative	"Publish What You Pay" (PCQVP)
HIEN Jonas	Representative	Organisation for Capacity Building and Development (ORCADE)
ZOUNGRANA Etienne	Representative	National Network for the Fight Against Corruption (REN-LAC)
SILWE Kaphao Ségorbah	Representative	Centre for Democratic Governance (CGD)
DABIRE Tiergou Pierre	Journalist	Journalists' Association of Burkina (AJB)
SILGA Parfait	Journalist	Journalists' Association of Burkina (AJB)
SYAN Somwaya Patrice	Second Vice-President of the Central North Regional Council	Association of Regions of Burkina (ARBF)
Name	Role/title	Organisation represented
<u>Company representatives</u>		
BADO Balélé	Chief Accountant	Kalsaka Mining SA
RIOPEL Guy	Financial Director	Bélahouro Mining Company S.A. (SMB)
DARGA Assétou	Director of the Ouagadougou Office	Mining Company of West Africa (SEMAFO)
TASSEMBEDO Salfo	Chief Accountant	Burkina Mining Company SA (BMC)

Name	Role/title	Organisation represented
<i>Banking sector representatives</i>		
PODA Serge Gnaniodem	Authorised Representative	National Directorate for Burkina of the Central Bank of West African States (BCEAO)
NAPON Mamadi	General Director Administrator	Professional Association of Banks and Financial Establishments of Burkina (APBEF-B)

## ✓ Representatives of the Permanent Secretariat

Name	Role/title	Organisation represented
DJIRI Dakar	Permanent Secretary	Permanent Secretariat
KOALA Frédéric	Responsible for Capacity Building	Permanent Secretariat
SAVADOGO Kimségninga	Responsible for Information and Communications	Permanent Secretariat
ZOURE Françoise	Tax Specialist	Permanent Secretariat
NIODOGO Valentin	Administrator	Permanent Secretariat

## ✓ Representative of the independent Reconciler of the 2008-2009 EITI report

Name	Role/title	Organisation represented
KOMBOIGO Eddie	Managing Partner	CAFEC-KA, representing KPMG in Burkina Faso

## ✓ Representatives of the World Bank

Name	Role/title	Organisation represented
GRIEVE Bronwyn	Specialist in Governance Operations	World Bank – Burkina Faso
SAVADOGO-TINTO Aguiratou	Senior Transport Specialist	World Bank – Burkina Faso

✓ **Representatives of development partners** not members of the Committees

Name	Role/title	Organisation represented
BETH Emmanuel	Ambassador	French Embassy in Burkina Faso
BARBOT Laurent	Development and Cultural Activity Adviser	French Embassy in Burkina Faso
VALLEUR Sébastien	Development Attaché	French Embassy in Burkina Faso
SORO Adama	Business Delegate	French Embassy in Burkina Faso

✓ **Representatives of civil society** not members of the Committees

Name	Role/title	Organisation represented
KABORE Athanase Fidèle	Responsible for Project ReSaD	Permanent Secretariat of Non-Governmental Organisations (SPONG)
OUANGRE Eric	General Secretary	Afrika Obota Centre
ZINABA Rasmané	Representative	ATTAC

✓ **Government representative** not a member of the Committees

Name	Role/title	Organisation represented
SOMDA Adrien	Tax Inspector	Ministry of the Economy and Finance

Our conclusions, the subject of this document, were presented to the two Committees during a plenary session on Monday 18 April 2011 in Ouagadougou, then to the Steering Committee on Friday 12 August 2011.

**PART THREE**

# COUNTRY WORK PLAN

Work plan revised several times since 2008

Key points of the 2008-2011 work plan

Progress since 2008

Draft 2008-2012 work plan under discussion

The Steering Committee created the initial work plan for the years 2008-2009. This was extended to cover 2008-2011 then revised on several occasions. An updated work plan covering the period up to the end of 2012 is currently under discussion.

## ✓ Work plan revised several times since 2008

### • The draft work plan for 2008-2009

The draft of the work plan for 2008-2009 was discussed and approved by the Steering Committee on 15 July 2008. Actions were organised under four principal objectives:

- Completing the EITI start up phase
- Data collection and reconciliation
- Capacity building of actors for EITI implementation
- Creation and implementation of a communications strategy

It includes a timetable for implementation and a provisional costing of the principal actions.

However, this work plan was not published as it contained some omissions which would not have allowed Burkina Faso to achieve Candidate country status.

The following actions were taken before the publication of a new work plan:

- Information event organised bringing together the Supervisory and Steering Committees and representatives of the World Bank
- Recruitment and appointments for the Permanent Secretariat
- Amendment of two decrees creating the Steering and Supervisory Committees in order to include more civil society actors (three in the former, six in the latter)
- Order establishing the Permanent Secretariat structure on the basis of three sections

### • 2008-2011 work plan of 11 February 2009

The revision process resulted in the 2008-2011 work plan adopted by the Steering Committee on 11 February 2009. This enabled Burkina Faso to achieve Candidate country status on 15 May 2009. The overall budget for the 2008-2011 work plan totals US\$1,331,020.

This 2008-2011 work plan was then subject to revision in March 2010 and again in August 2010 to take into account the deadline for submitting a Validation Report and delays in mobilising funds from partners.

### • Revision of 2008-2011 work plan of 23 March 2010

The first revision of the 2008-2011 work plan, presented in March 2010, was necessary to comply with the two year period for presenting a Validation Report, as stipulated by the EITI Principles. Finalisation of the Validation process was therefore brought forward from the second to the first quarter of 2011. For this reason, preparation of an EITI report covering the data from 2007 had to be abandoned. This was also due to the fact that, at that time, none of the companies included in the scope as stipulated by the multi-stakeholder group had been in production for a full year.

### • Revision of 2008-2011 work plan of 27 August 2010

The second revision of the 2008-2011 work plan was adopted in August 2010 in order to take into account the date for the first payment from the World Bank Multi-Donors Trust Fund. This meant postponing the start of technical activities (data reconciliation exercise for 2008-

2009, scoping a communications strategy, etc.) from the final quarter of 2009 to the third quarter of 2010.

## ✓ Key elements of the 2008-2011 work plan (revised on 27 August 2010)

The revised 2008-2011 work plan (see appendix I) was adopted by the Steering Committee on 27th August 2010.

### • Work plan objectives

The work plan sets out 49 actions grouped under six objectives based on two points of focus, as follows:

- "Establishment of a viable institutional framework for EITI implementation in Burkina Faso"
- "Establishment of a process for mobilising all the stakeholders in the interest of EITI in Burkina Faso"

The first point of focus involves three objectives:

- "Raising awareness nationally and internationally of the willingness of the government of Burkina Faso to sign up to EITI"
- "Creating structures to oversee EITI implementation in Burkina Faso" (Permanent Secretariat, foundation texts, premises, etc.)
- "Identifying, creating and making available the tools necessary for EITI implementation"

The second focal point also involves three objectives:

- "Building capacity among civil society, local communities and State representatives in the fields of communications and other areas related to the extractive industries"
- "Preparing, publishing and disseminating the Burkina Faso EITI report"
- "Validating the EITI Process in Burkina Faso".

### • Provisional funding in the work plan

The provisional budget in the work plan amounts to US\$1,124,969.

Funding comes from three different sources: US\$649,269 (58%) from the State budget; US\$245,000 (22%) from the World Bank Multi-Donors Trust Fund; and US\$230,700 (20%) from development partners.

in US \$	State	World Bank MTDF	Development partners	Total
Structural costs	160,399	-	-	<b>160,399</b>
Operating costs	396,897	-	-	<b>396,897</b>
Capacity building	52,973	137,100	170,700	<b>360,773</b>
Consultancy services	39,000	107,900	60,000	<b>206,900</b>
<b>Total</b>	<b>649,269</b>	<b>245,000</b>	<b>230,700</b>	<b>1,124,969</b>
Funding percentage	58%	22%	20%	

*Provisional budget of the 2008-2011 work plan*

The source of funding depends on the nature of the cost, as follows:

- Operating costs for the National Initiative are funded entirely from the State budget
- Capacity building is funded by the World Bank Multi-Donors Trust Fund and the development partners
- Funding for the data reconciliation processes is split between the World Bank Multi-Donors Trust Fund (68%), the State budget (18%) and the development partners (14%)
- Funding for the Validation process is split between the State budget (45%), the development partners (43%) and the World Bank Multi-Donors Trust Fund (10%)

This work plan, which is detailed and costed, includes a timetable for implementation. It is available on the website: [www.itie-bf.gov.bf](http://www.itie-bf.gov.bf).

## ✓ Progress since 2008

The National Initiative eventually received 95% of the funding forecast in the work plan, i.e. US\$1,063,799 as against US\$1,124,969 initially forecast.

While the State has duly paid its contribution, we understand that the funds from the World Bank Multi-Donors Trust Fund, and those provided by the partners, have been paid considerably later than envisaged in the work plan.

Funds received from each source between 2008 and 2011 are distributed as follows:

in US \$	2008	2009	2010	2011	Total
<b>State</b>	20,110	215,610	313,746	134,803	<b>684,269</b>
<b>World Bank MTF</b>	-	-	168,450	76,550	<b>245,000</b>
<b>Development partners</b>	-	-	60,000	74,530	<b>134,530</b>
<b>Total</b>	<b>20,110</b>	<b>215,610</b>	<b>542,196</b>	<b>285,883</b>	<b>1,063,799</b>

### *Funds received for the 2008-2011 work plan*

The funding received has facilitated the implementation of the following elements of the work plan:

- Creation of an institutional structure
- Partial implementation of the communications strategy
- Creation of the National Initiative website
- Partial completion of the capacity building programme
- Virtual completion of the data reconciliation process for 2008-2009 by an independent Reconciler
- Recruitment of a Validator
- Publication and dissemination of the data in the 2008-2009 EITI report

- ✓ An updated work plan covering the period up to the end of 2012 is currently under discussion

A draft work plan is currently under discussion, covering the period up to 2012. It includes plans to complete dissemination activities for the first EITI report and to prepare a second EITI report covering reconciliation of the data for 2010.

The budget for this draft work plan is US\$1,432,380, i.e. an increase of US\$307,411 compared with the previous version. It includes a budget of US\$168,200 for the preparation, disclosure and dissemination of the second EITI report. The remainder mainly comprises operating costs.

**PART FOUR**

# VALIDATION GRID

Progress of the National Initiative to date

The Validation Grid

Analysis of indicators

## ✓ Progress of the National Initiative to date

Implementation of the Extractive Industries Transparency Initiative by Burkina Faso is characterised by three principal phases, as follows:

- Gaining Candidate country status (2008 – May 2009)
- Mobilisation of funding included in the work plan (May 2009 – June 2010)
- Accelerated implementation of activities from June 2010

### • Gaining Candidate country status (2008 – May 2009)

In 2008 and 2009, the government set the process in motion by providing the country with the structures necessary for implementing the National Initiative.

On 16 April 2008, the Council of Ministers adopted an institutional directive governing EITI activities including:

- A Supervisory Committee responsible for overseeing progress in the implementation of EITI Principles in Burkina Faso
- A Steering Committee responsible for coordinating and implementing EITI activities in the country using participatory processes
- A Permanent Secretariat with responsibility for overseeing the implementation of decisions resulting from the discussions of these two Committees

On 17 December 2008, two decrees resulted in the creation, constitution, composition and operation of the Supervisory Committee<sup>7</sup> and the Steering Committee<sup>8</sup>.

On 3 June 2009, a call for interest was published in the leading newspapers in the country for candidates for the four posts at the Permanent Secretariat.

On 17 July 2009, two modifying decrees were adopted to strengthen the presence of civil society representatives in the composition of the two Committees. The actions of the government in adopting these two decrees had, previously, enabled the country to gain Candidate country status as of 15 May 2009.

### • Mobilisation of funding included in the work plan (May 2009 – June 2010)

The initial work plan<sup>9</sup> envisaged the data reconciliation exercise beginning in the fourth quarter of 2009. However, it finally began nine months later.

We understand that this delay was largely due to under-estimation in the work plan of the time needed for signing the Donation Agreement and of how long it would take to mobilise funds.

While Burkina Faso was able to reach a Donation Agreement with the World Bank as of December 2009, the first payment was not effected until June 2010. These funds were intended to finance core EITI activities such as the mission of the independent Reconciler, implementation of the communications strategy and construction of a website. Implementation of the National Initiative was consequently delayed.

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<sup>7</sup> Decree No 2009-527/PRES/PM/MEF/MCE of 17 July 2009

<sup>8</sup> Decree No 2009-528/PRES/PM/MEF/MCE of 17 July 2009

<sup>9</sup> Approved 11 February 2009

Furthermore, the tendering process, launched in June 2010, was not completed until four months later with the recruitment of the independent Reconciler and consultants tasked with scoping the communications strategy and creating the National Initiative website.

## • Accelerated implementation of activities from June 2010

The year 2009 was largely devoted to creating dedicated structures for EITI implementation and to increasing the representation of civil society on the two Committees. Meanwhile, certain awareness-raising actions were possible during this period. The NGOs, in particular, disseminated the activities of the Steering Committee and Permanent Secretariat of Burkina Faso.

In the first half of 2010, awareness-raising workshops were held but activities did not really gather pace until June 2010 with the launch of the tendering process. The work of the three consultants, tasked respectively with creating the 2008-2009 EITI report, scoping the communications strategy of the National Initiative and creating the website, began in autumn 2010.

The independent Reconciler, based in Abidjan, presented a first version of the 2008-2009 EITI report in December 2010. However the effects of the crisis in Côte d'Ivoire have delayed the finalisation of the process. Following a number of corrections and despite the existence of significant technical shortcomings<sup>10</sup>, the multi-stakeholder group approved the first EITI report in March 2011.

Furthermore, the survey of sector revenues would certainly have been more complete<sup>11</sup> if companies which began production in 2008 had been included within the scope of the report.

As a result of the socio-political crisis that engulfed Burkina Faso in April to June 2011, the National Initiative has not been able to make full use of the Validation deadline extension granted. Certain key actions have, however, been finalised: the 2008-2009 EITI report (including a summary version) has been published and a new work plan and draft terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report are currently being prepared.

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<sup>10</sup> Company and government reports not submitted on the same bases, inaccurate reporting forms, insufficient preparation and data calculation and carry-over errors in the EITI report.

<sup>11</sup> In 2008, SEMAFO paid 660 million FCFA in royalties and BMC paid 349 million FCFA (according to statistics from the Ministry of Mines, Quarries and Energy, April 2011)

## ✓ The Validation Grid

### • Summary of our judgement

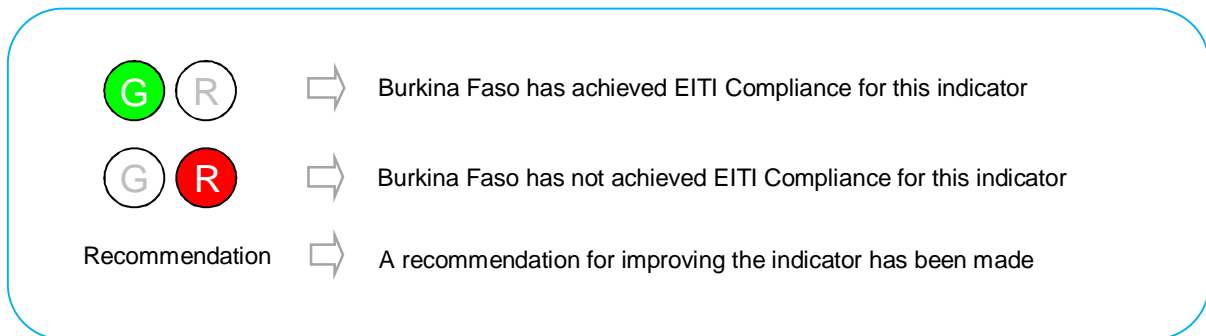
We consider that Burkina Faso has achieved EITI Compliance for indicators 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 18.

We consider that Burkina Faso has not achieved EITI Compliance for indicators 14, 15, 16 and 17.

### • Steps in the judgement process

In order to make our Validation Report easier to read, we have used the visual aid below. It is colour-coded (green and red) to show whether Burkina Faso has achieved Compliance (green) or not (red) for the indicator in question.

Where a recommendation has been made, it is indicated by the word “Recommendation” followed by a number. A complete list of recommendations appears in Part Six of this Report.



*Compliance colour codes for Validation Grid indicators*

• The Validation Grid

EITI Implementation			
SIGN-UP	PREPARATION	DISCLOSURE	DISSEMINATION
<p>1. Has the government issued an unequivocal public statement of its intention to implement EITI?</p> <p><b>G</b> <b>R</b></p>	<p>5. Has the government established a multi-stakeholder group to oversee EITI implementation?</p> <p><b>G</b> <b>R</b></p>	<p>10. Is the multi-stakeholder committee content with the organisation appointed to reconcile figures?</p> <p><b>G</b> <b>R</b></p> <p>Recommendation 7</p>	<p>18. Was the EITI Report made publicly available in a way that was: - publicly accessible; - comprehensive; and - comprehensible?</p> <p><b>G</b> <b>R</b></p> <p>Recommendations 11 and 12</p>
<p>2. Has the government committed to work with civil society and companies on EITI implementation?</p> <p><b>G</b> <b>R</b></p>	<p>6. Is civil society engaged in the process?</p> <p><b>G</b> <b>R</b></p>	<p>11. Has the government ensured that all companies will report?</p> <p><b>G</b> <b>R</b></p>	<p>14. Were all material oil, gas and mining payments by companies to government ("payments") disclosed to the organisation contracted to reconcile figures and produce the EITI Report?</p> <p><b>G</b> <b>R</b></p> <p>Recommendation 10</p>
<p>3. Has the government appointed a senior individual to lead on EITI implementation?</p> <p><b>G</b> <b>R</b></p>	<p>7. Are companies engaged in the process?</p> <p><b>G</b> <b>R</b></p>	<p>12. Has the government ensured that company reports are based on audited accounts to international standards?</p> <p><b>G</b> <b>R</b></p> <p>Recommendation 8</p>	<p>15. Were all material oil, gas and mining revenues received by the government ("revenues") disclosed to the organisation contracted to reconcile figures and produce the EITI Report?</p> <p><b>G</b> <b>R</b></p>
<p>4. Has a fully costed Work Plan been published and made widely available, containing measurable targets, a timetable for implementation and an assessment of capacity constraints (government, private sector and civil society)?</p> <p><b>G</b> <b>R</b></p> <p>Recommendations 1, 2 and 3</p>	<p>8. Did the government remove any obstacles to EITI implementation?</p> <p><b>G</b> <b>R</b></p>	<p>13. Has the government ensured that government reports are based on audited accounts to international standards?</p> <p><b>G</b> <b>R</b></p> <p>Recommendation 9</p>	<p>16. Was the multi-stakeholder group content that the organisation which was contracted to reconcile the company and government figures did so satisfactorily?</p> <p><b>G</b> <b>R</b></p>
	<p>9. Have reporting templates been agreed?</p> <p><b>G</b> <b>R</b></p> <p>Recommendations 4, 5 and 6</p>		<p>17. Did the EITI Report identify discrepancies and make recommendations for actions to be taken?</p> <p><b>G</b> <b>R</b></p>

*EITI Validation Grid in Burkina Faso*

## ✓ Indicator 1: Has the government issued an unequivocal public statement of its intention to implement EITI?

### ■ Progress to date

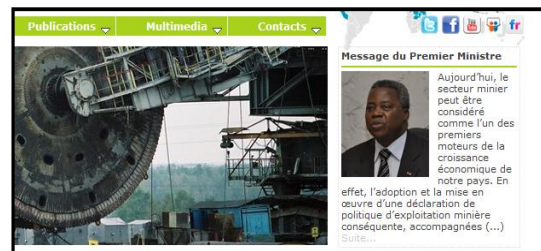
The government of Burkina Faso has demonstrated its willingness to participate fully in the EITI Process by means of the sign up letter from the Burkinabe Minister of the Economy and Finance to the EITI Board, dated 8 March 2009.

This willingness was further demonstrated by:

- Creation of the Supervisory Committee and the Steering Committee by the presidential decrees<sup>12</sup> of 17 December 2008
- Appointment of members of the Supervisory Committee and Steering Committee by ministerial order<sup>13</sup> of 5 March 2009
- Amendment to the composition of the two Committees, by the ministerial decrees<sup>14</sup> of 17 July 2009, in order to increase the representation of civil society
- Up to 58% of funding for the National Initiative from the State budget.

We understand that the new Prime Minister, Mr. Beyon Luc Adolphe Tiao and his predecessor, Mr. Tertius Zongo (whose statement of support can be found on the home page of the EITI-BF website: [www.itie-bf.gov.bf](http://www.itie-bf.gov.bf)) place special emphasis<sup>15</sup> on mining activity and transparency in this sector.

We also note the regular presence of several ministers at the meetings of the Supervisory Committee.



*Message from the former Prime Minister on the homepage of the Initiative website*

### ■ Stakeholder views

All the stakeholders appreciate the participation of the State in the EITI Process.

<sup>12</sup> Decree No 2008-810/PRES/PM/MEF/MCE and Decree No 2008-811/PRES/PM/MEF/MCE of 17 December 2008

<sup>13</sup> Order No 2009-090/MEF/SG/SP-ITIE and Order No 2009-091/MEF/SG/SP-ITIE of 5 March 2009

<sup>14</sup> Decree No 2009-527/PRES/PM/MEF/MCE and Decree No 2009-528/PRES/PM/MEF/MCE of 17 July 2009

<sup>15</sup> On 15 July 2011, Mr. Beyon Luc Adolphe Tiao visited the Mana mine in the Boucle du Mouhoun region, operated by the West African Mining Company (SEMAFO). During this visit, he confirmed his desire to continue the actions, initiated by his predecessor, to support transparency in Burkina Faso's mining operations. This statement by the new head of government was broadcast on State television.

## ■ Validator's judgement



In light of the evidence outlined above, we consider that the government has publicly and unequivocally declared its intention to implement EITI. We also consider that Burkina Faso has achieved EITI Compliance for indicator 1.

## ✓ Indicator 2: Has the Government committed to work with civil society and companies for the EITI implementation?

### ■ Progress to date

The government has expressed its willingness to work with civil society and companies in the sign up letter of 8 March 2009 from the Minister of the Economy and Finance and in the presidential decrees<sup>16</sup> of 17 December 2008 creating the institutional bodies that constitute the National Initiative structure.

This commitment is evident in the increased representation of civil society on the representative bodies. Under the first organisational framework of December 2008, there was only one civil society member on the Supervisory Committee and six on the Steering Committee. In the July 2009 version, these numbers have increased to five members on the Supervisory Committee and ten on the Steering Committee<sup>17</sup>.

In the case of company representatives, numbers have remained at six on each Committee after the restructure.

#### Civil society representatives

The five seats held by civil society on the Supervisory Committee are assigned as follows:

- A representative of NGO "Publish What You Pay" (PWYP)
- A representative of the Association of Regions of Burkina Faso (ARB)
- A representative of the Association of Municipal Authorities of Burkina Faso (AMBF)
- A representative of the Centre for Democratic Governance (CGD)
- A representative of the Journalists' Association of Burkina (AJB)

The 10 seats held by civil society on the Steering Committee are listed below:

- A representative of the national "Publish What You Pay" coalition
- A representative of the Organisation for Capacity Building and Development (ORCADE)
- A representative of the National Network for the Fight Against Corruption (REN-LAC)
- Two representatives of the media
- A representative of the Association of Regions of Burkina Faso
- A representative of the Association of Municipal Authorities of Burkina Faso
- A representative of the Centre for Democratic Governance
- A representative of the National Corporation of Artisans and Small Mine Exploiters of Burkina (CONAPEM)

<sup>16</sup> Decree No 2008-810/PRES/PM/MEF/MCE and Decree No 2008-811/PRES/PM/MEF/MCE of 17 December 2008

<sup>17</sup> Decree No 2009-527/PRES/PM/MEF/MCE and Decree No 2009-528/PRES/PM/MEF/MCE of 17 July 2009

- A representative of the Association of Women in the Mining Sector of Burkina (AFEMIB, *Association des Femmes du Secteur Minier du Burkina*)

### Company representatives

The six seats for company representatives on the Supervisory Committee are held by the following persons:

- The Chairman of the Professional Mining Circle of Burkina (GPMB, *Groupement Professionnel des Miniers du Burkina*)
- The Chairman/Director General of the Burkina Mining Company (BMC)
- The Director General of the Taparko Mining Company (SOMITA)
- A designated representative of Belahouro Mining Company S.A.
- The resident representative of Kalsaka Mining S.A.
- The Director General of Nantou Mining

The six seats held by company representatives on the Steering Committee are distributed as follows:

- The Director General of IAMGOLD Essakane S.A.
- A designated representative of the Burkina Mining Company (BMC)
- A designated representative of the Taparko Mining Company (SOMITA)
- A designated representative of Belahouro Mining Company S.A.
- A designated representative of Kalsaka Mining S.A.
- A designated representative of the Mining Company of West Africa (SEMAFO)

This willingness to work with civil society and the companies is evident in other areas, especially in the following decisions:

- Giving civil society responsibility by putting them in charge of the "Capacity Building" working group on the Steering Committee
- Giving companies responsibility by putting them in charge of the "Communications" working group on the Steering Committee

## ■ Stakeholder views

The civil society and company representatives expressed their satisfaction at being able to participate actively in the National Initiative.

## ■ Validator's judgement



In light of the evidence outlined above, we consider that the government has committed to work with civil society and companies on EITI implementation. We also consider that Burkina Faso has achieved EITI Compliance for indicator 2.

✓ Indicator 3: Has the government appointed a senior individual to lead on EITI implementation?

■ Progress to date

Under the terms of the decree of 17 December 2008<sup>18</sup>, the National Initiative is chaired by the Minister of the Economy and Finance.

Mr. Lucien Marie Noël Bembamba therefore chairs the Supervisory Committee. He is a person of senior rank in the Burkinabe government and enjoys the respect of all the stakeholders.

■ Stakeholder views

The stakeholders acknowledge the calibre of the Chairman of the Supervisory Committee and his capacity to remove any potential obstacles to the implementation of the process.

■ Validator's judgement



In light of the evidence outlined above, we consider that the government has appointed a senior individual to lead on EITI implementation in Burkina Faso. We also consider that Burkina Faso has achieved EITI Compliance for indicator 3.

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<sup>18</sup> Decree No 2008-810/PRES/PM/MEF/MCE of 17 December 2008

- ✓ Indicator 4: Has a fully costed Country work plan been published and made widely available, containing measurable targets, a timetable for implementation and an assessment of capacity constraints (government, private sector and civil society)?

■ Progress to date

The Steering Committee created the initial work plan for the years 2008-2009. This was extended to cover 2008-2011 then revised on several occasions. An updated work plan covering the period up to the end of 2012 is currently under discussion.

[The 2008-2011 work plan \(adopted February 2009\)](#)

The 2008-2011 work plan was adopted by the Steering Committee on 11 February 2009.

It contains six objectives with emphasis on the following: raising awareness, at national and international level, of the willingness of the Burkina Faso government to sign up to EITI; creating structures for the implementation of EITI in Burkina Faso; identifying and developing the tools necessary for EITI implementation; capacity building among civil society, local communities and State representatives in the field of communications and other areas associated with the mining industry; creation, publication and dissemination of EITI reports and, finally, Validation of the EITI Process in Burkina Faso.

This work plan contains a timetable and has been costed.

However, the 14 May 2011 deadline is not taken into account in the action planning.

[The 2008-2011 work plan \(presented in April 2010, not approved\)](#)

The first revision of the 2008-2011 work plan was presented in April 2010. It includes the same objectives as the previous version.

The revised work plan contains a timetable and has been costed.

While it was decided not to produce a second EITI report in order to meet the Validation deadline, the time needed to mobilise funding from partners was only partially taken into account.

[The 2008-2011 work plan \(approved in August 2010\)](#)

The second revision of the 2008-2011 work plan (see appendix I) was adopted in August 2010. The six objectives remain unchanged but each action is now programmed and planning for the implementation has been streamlined. The unavoidable delays in mobilising the funds from the World Bank Multi-Donors Trust Fund have been taken into account.

The bulk (95%) of expected funding has been received although a proportion was seriously delayed in respect of the planning.

The overall cost is estimated at US\$1,124,969 assigned to the six objectives as follows:

- US\$166,207 for setup costs (equipment, premises)
- US\$470,297 for operating costs (wages, communications strategy, website)
- US\$331,200 for capacity building
- US\$73,000 for the preparation of the 2008-2009 EITI report

- US\$82,000 for the Validation process
- US\$2,265 for other costs

The work plan envisaged funding of US\$649,269 (58%) from the State budget; US\$245,000 (22%) from the World Bank Multi-Donors Trust Fund; and US\$230,700 (20%) from the development partners.

To date, the State has paid US\$684,269; the World Bank US\$245,000; and the development partners US\$134,530. Of the US\$1,063,799 available, US\$745,707 has been used, distributed according to year and funding source as follows:

in US \$	2008	2009	2010	2011	Total
<b>State</b>	20,110	215,610	313,746	18,594	<b>568,060</b>
<b>World Bank MTF</b>	-	-	117,647	-	<b>117,647</b>
<b>Development partners</b>	-	-	60,000	-	<b>60,000</b>
<b>Total</b>	<b>20,110</b>	<b>215,610</b>	<b>491,393</b>	<b>18,594</b>	<b>745,707</b>

*Funds used for implementing the 2008-2011 work plan*

Implementation of this work plan has been as follows:

- **Objective 1** of the work plan, relating to raising awareness nationally and internationally of the willingness of the Burkina Faso government to sign up to EITI, has been achieved. Following the issue of the letter stating the intention to sign up to EITI, a provisional structure was created comprising the institutional bodies responsible for EITI together with a draft work plan.
- **Objective 2**, dealing with creating the structures responsible for EITI implementation in Burkina Faso, has been achieved. This is due especially to the creation of two Committees to oversee the Initiative and to the establishment of a Permanent Secretariat.
- **Objective 3**, relating to identifying and developing the necessary tools for implementing EITI in Burkina Faso, has, with the exception of certain communications activities, been achieved. A three year work plan including a detailed draft budget has been adopted, payments from the World Bank Multi-Donors Trust Fund have been put into effect, a consultant has been contracted to create the communications strategy and an EITI website has been created. Implementation of the communications strategy has led to certain achievements such as the design and publication of the 2011 timetable, giving the National Initiative greater visibility; the production of a theatre piece to raise awareness of the Initiative; and two television programmes on the subject for Burkina National Television. However, not all of the planned communications activities have been implemented
- **Objective 4**, relating to building capacity among members of civil society, local communities and State representatives in the fields of communications and other areas related to the extractive industries, has been only partially achieved. While the training programme has been adopted for the members involved, the organisation of workshops on the progress of EITI has only been 70% achieved<sup>19</sup>; participation in international meetings and study trips 50% achieved; and visits to mining sites and local communities 30% achieved.

<sup>19</sup> Estimate of the EITI Permanent Secretariat in Burkina Faso

- **Objective 5**, relating to creating, publishing and disseminating the 2008-2009 EITI report of Burkina Faso, has now been mostly achieved following the extension of the Validation deadline. The EITI report, along with a summary version of this report, is now available on the National Initiative website. A number of presentation workshops have been held on this report.
- **Objective 6**, relating to the EITI Validation process in Burkina Faso, began at the start of April 2011 and is the subject of this document.

#### An updated work plan covering the period up to the end of 2012 is currently under discussion

A draft work plan covering the period 2008-2012 is currently under discussion. It includes plans to complete dissemination activities for the first EITI report and to prepare a second EITI report covering reconciliation of the data for 2010.

The budget for this draft work plan is US\$1,432,380, i.e. an increase of US\$307,411 compared with the previous version. It includes a budget of US\$168,200 for the preparation, disclosure and dissemination of the second EITI report. The remainder mainly comprises operating costs.

#### ■ Stakeholder views

The representatives of civil society expressed their satisfaction with the quality of the work plan but regret the delay in its implementation; particularly in relation to the delays in EITI report dissemination activities.

#### ■ Validator's judgement

We note that the Country Work Plan includes measurable objectives, a timetable for implementation, an assessment of capacity constraints and a timetable for Validation. It also specifies the methods of funding for the Validation process. Furthermore, it has been approved by the Steering Committee and made public.

While numerous activities have taken place, work must continue on capacity building and dissemination activities, and on updating the new work plan.



In light of the evidence outlined above, we consider that a fully costed Country Work Plan been published and made widely available, containing measurable targets, a timetable for implementation and an assessment of capacity constraints. We also consider that Burkina Faso has achieved EITI Compliance for indicator 4.

#### ■ Recommendations

- ⇒ **R1 – Ensure that all the capacity building actions included in the work plan are followed up**
- ⇒ **R2 – Complete the implementation of actions set out in the work plan, in particular dissemination**
- ⇒ **R3 – Finish updating the work plan in order to include the continuation of EITI activities in Burkina Faso beyond 2011**

## ✓ Indicator 5: Has the government established a multi-stakeholder group to oversee EITI implementation?

### ■ Progress to date

#### ● December 2008 to July 2009

The Initiative was established in 2008 with a structure based on three institutional bodies<sup>20</sup>: a Supervisory Committee with 14 members responsible for overseeing progress of the implementation of EITI Principles in the country, a Steering Committee of 21 members responsible for coordinating and following up on the implementation of EITI activities, and a Permanent Secretariat responsible for overseeing the implementation of decisions arising from the discussions of the two institutional Committees. The members of the different groups were named by two orders of 5 March 2009.

The Supervisory Committee was constituted as follows:

- The ministers of six ministries concerned with mining in Burkina Faso
- Six representatives of mining companies
- One representative of civil society
- The National Director of the Central Bank of West African States (BCEAO)

The structure of the Steering Committee was:

- Seven representatives of the government
- Six representatives of mining companies
- Six representatives of civil society
- One representative of the BCEAO
- The Chairman of the Professional Association of Banks and Financial Establishments of Burkina

The recruitment process for the Permanent Secretariat was launched in September 2008 in line with the decree of 22 November 2007. It concluded in October 2008 with the selection of Mr Dakar Djiri, in accordance with the letter from the General Secretary of the Ministry of the Economy and Finance of 5 October 2008.

The EITI Permanent Secretariat was created in April 2008<sup>21</sup>. Its competencies, structure and functions were established by the order of 5 March 2009. This order establishes the Permanent Secretariat with a structure based on three sections, as follows:

- The "Data collection and capacity building" section
- The "Information and communications" section
- The "Administration and finance" section

Three people were recruited between June and October 2009 to take charge of these three sections. A taxation specialist was also recruited to increase the competencies of the Permanent Secretariat.

#### ● Since July 2009

In July 2009, in order to comply with EITI regulations, the institutional structure was reorganised to include a greater number of actors from civil society.

<sup>20</sup> Decree No 2008-810/PRES/PM/MEF/MCE and Decree No 2008-811/PRES/PM/MEF/MCE of 17 December 2008

<sup>21</sup> Decision of the Council of Ministers of 16 April 2008

## The Supervisory Committee

The Supervisory Committee increased from 14 to 18 members<sup>22</sup>, distributed as follows:

- The ministers of six ministries concerned with mining in Burkina Faso
- Six representatives of mining companies
- Five representatives of civil society
- The National Director of the Central Bank of West African States (BCEAO)

### The government representatives are:

- The Minister of the Economy and Finance, Chairman
- The Minister of Mines, Quarries and Energy, Deputy Chairman
- The Minister of Territorial Administration and Decentralisation
- The Minister of the Environment and Sustainable Development
- The Minister of Trade, Private Entrepreneurship and Small Business
- The Minister Delegate attached to the Minister of the Economy and Finance, responsible for the budget

### The representatives of the mining companies are:

- The Chairman of the Professional Mining Circle
- Five representatives of mining companies in the exploitation phase

Representatives of the following companies were appointed by ministerial order<sup>23</sup>:

- o The Chairman of the Professional Mining Circle of Burkina (GPMB)
- o The Chairman/Director General of the Burkina Mining Company (BMC)
- o The Director General of the Taparko Mining Company (SOMITA)
- o A designated representative of Belahouro Mining Company S.A.
- o The resident representative of Kalsaka Mining S.A.
- o The Director General of Nantou Mining

### The civil society representatives are:

- Three representatives of civil society one of whom represents "Publish What You Pay" (PWYP)
- A representative of the Association of Regions of Burkina Faso (ARBF)
- A representative of the Association of Municipal Authorities of Burkina Faso (AMBF)

The following representatives of civil society were appointed by ministerial order<sup>24</sup>:

- o One representative of "Publish What You Pay" (PWYP)
- o One representative of the Association of Regions of Burkina Faso (ARBF)
- o One representative of the Association of Municipal Authorities of Burkina Faso (AMBF)
- o One representative of the Centre for Democratic Governance (CGD)
- o One representative of the Journalists' Association of Burkina (AJB)

The Supervisory Committee is essentially responsible for overseeing progress in the implementation of EITI Principles in the country.

## The Steering Committee

The Steering Committee increased from 21 to 25 members<sup>25</sup>, distributed as follows:

- Seven representatives of the government
- Six representatives of mining companies
- Ten representatives of civil society
- One representative of the Central Bank of West African States (BCEAO)
- The Chairman of the Professional Association of Banks and Financial Establishments of Burkina

<sup>22</sup> Decree No 2009-527/PRES/PM/MEF/MCE of 17 July 2009

<sup>23</sup> Order No 2009-090/MEF/SG/Secrétariat Permanent-ITIE of 5 March 2009

<sup>24</sup> Order No 2009-090/MEF/SG/Secrétariat Permanent-ITIE of 5 March 2009

<sup>25</sup> Decree No 2009-528/PRES/PM/MEF/MCE of 17 July 2009

#### The government representatives are:

- The General Secretary of the Ministry of the Economy and Finance, Chairman
- The General Secretary of the Ministry of Mines, Quarries and Energy, Deputy Chairman
- The Director General of Customs
- The Director General of Taxes
- The Director General of Mines
- The Director General of Industrial Development
- A designated representative of the Ministry of Territorial Administration and Decentralisation (MATD)

#### The representatives of the mining companies are:

- One representative of the Professional Mining Circle
- Five representatives of mining companies in the exploitation phase

Representatives of the following mining companies were appointed by ministerial order<sup>26</sup>:

- o The Director General of IAMGOLD Essakane S.A.
- o A designated representative of the Burkina Mining Company (BMC)
- o A designated representative of the Taparko Mining Company (SOMITA)
- o A designated representative of Belahouro Mining Company S.A.
- o A designated representative of Kalsaka Mining S.A.
- o A designated representative of the Mining Company of West Africa (SEMAFO)

The companies are represented by their leaders or by advisers with the competencies required to exercise the mandate.

#### The civil society representatives are:

- Six representatives of civil society one of whom represents "Publish What You Pay" (PWYP)
- Two representatives of the media
- One representative of the Association of Regions of Burkina Faso (ARBF)
- One representative of the Association of Municipal Authorities of Burkina Faso (AMBF)

The following persons were appointed by ministerial order<sup>27</sup>:

- o A representative of the national "Publish What You Pay" coalition
- o A representative of the Organisation for Capacity Building and Development (ORCADE)
- o A representative of the National Network for the Fight Against Corruption (REN-LAC)
- o Two representatives of the media
- o One representative of the Association of Regions of Burkina Faso (ARBF)
- o One representative of the Association of Municipal Authorities of Burkina Faso (AMBF)
- o One representative of the Centre for Democratic Governance (CGD)
- o A representative of the National Corporation of Artisans and Small Mine Exploiters of Burkina (CONAPEM)
- o A representative of the Association of Women in the Mining Sector of Burkina (AFEMIB)

#### The working groups

In order to facilitate preparation of the Steering Committee meetings, three Working Groups were created by ministerial order on 10 May 2010:

- The "Data Collection" Group, led by the government representatives
- The "Communications" Group, led by the mining company representatives
- The "Capacity Building" Group, led by the civil society representatives

<sup>26</sup> Order No 2009-091/MEF/SG/Secrétariat Permanent-ITIE of 5 March 2009

<sup>27</sup> Order No 2009-091/MEF/SG/Secrétariat Permanent-ITIE of 5 March 2009

## • Representation of civil society

The representation of civil society on the two Committees as created by the presidential decrees of 17 December 2008 was considered too restricted<sup>28</sup>. In effect, only the chairperson of the Journalists' Association represented civil society on the Supervisory Committee.

A call for expressions of interest addressed to civil society was therefore published in the press in order to find out which organisations might be interested in being involved in the National Initiative Committees. Information bulletins were also sent to the civil society organisations identified as the most relevant and likely to be interested in the Initiative. All of the organisations to which the bulletins were sent responded positively.

In order to respond to calls to establish a greater balance of representation among the different groups of actors, the institutional structure was amended by two modifying decrees<sup>29</sup> in order to include eight new civil society representatives on the Committees.

## • Capacity constraints

The capacity building activities set out in the Country Work Plan are based on the results of a study entitled "*Elaboration d'un programme d'activités visant à renforcer les capacités des parties prenantes de l'ITIE au Burkina Faso*" (A programme of activities to build EITI stakeholder capacities in Burkina Faso). This study was conducted by a specialist consultancy firm. The work was carried out in June and July 2010 following discussions with all stakeholders based in Ouagadougou and at the mines operated by SEMAFO and Taparko.

The capacity building programme set out in the work plan comprises five main activities<sup>30</sup>:

1. "Prepare and adopt a training programme for members of the Steering Committee, the Permanent Secretariat, government, civil society, local communities, the media and other key partners"
2. "Organise workshops on the progress of the EITI process"
3. "Implement the training programme"
4. "Visit mining sites and local communities"
5. "Participate in international EITI meetings and study trips to other countries, including members of civil society and the media"

The extension to the Validation deadline has enabled the National Initiative to conduct the following capacity building activities:

- A workshop organised by the national Publish What You Pay coalition on 24 and 25 June 2011 to analyse the first EITI report
- A meeting with residents of the town of Kalsaka in Yatenga province (where Kalsaka Mining SA operates), organised by ORCADE on 25 July 2011, to raise awareness about EITI-BF activities
- A training session for members of the Steering Committee, led by Mrs. Brigitte Bocoum, Burkina Faso mining sector coordinator with the World Bank, on 29 July 2011 in Washington

We understand that other activities are currently being prepared for delivery in the second quarter of 2011:

- Visits to one or more of the following mines: Essakane, Youga, Kalsaka and Mana
- Study trip to a Compliant country
- Information and training workshops on the content of Burkina Faso's first EITI report

<sup>28</sup> Decree No 2008-810/PRES/PM/MEF/MCE and Decree No 2008-811/PRES/PM/MEF/MCE of 17 December 2008

<sup>29</sup> Decree No 2009-527/PRES/PM/MEF/MCE and Decree No 2009-528/PRES/PM/MEF/MCE of 17 July 2009

<sup>30</sup> According to Objective 4 of the EITI Burkina Faso Work Plan (see appendix I)

## ■ Stakeholder views

The stakeholder representatives, and those of civil society in particular, confirmed that the Committee meets regularly and did not express any particular concerns relating to this indicator. They consider their representation sufficient and are able to operate on the Steering Committee and the Supervisory Committee without any inconvenience or undue pressure. Furthermore, they appear to be independent of the government and the private sector.

The stakeholder representatives confirmed that implementation is the result of a "participatory process" and that "decisions are taken in a consensual manner" as stipulated in Decree 2008-811 which created the Steering Committee.

The stakeholder representatives who are members of the Committees confirmed that they have the competencies necessary to fulfil their functions appropriately in respect of the National Initiative. However, they did comment that, given the technical nature of the issues, they should continue to participate in training activities to build their knowledge of the mining sector, taxation and EITI Rules.

## ■ Validator's judgement

The institutional structure of EITI in Burkina Faso is well established: the Supervisory Committee has met three times while the Steering Committee has held nine meetings.

As such, we accept that coordination and monitoring of the implementation of EITI activities in Burkina Faso result from a participatory process involving representatives of the government, the principal mining companies of the country, the most active NGOs in the field of transparency and good governance, and other civil society actors.

The civil society representatives who are members of the Committees clearly belong to non-governmental organisations, trade unions and representative professional associations.

They appear independent from the government and from the extractive industries sector and able to express their opinion without restriction.



In light of the evidence outlined above, we consider that the government has established a multi-stakeholder group to oversee EITI implementation. We also consider that Burkina Faso has achieved EITI Compliance for indicator 5.

## ✓ Indicator 6: Is civil society engaged in the process?

### ■ Progress to date

#### An organised, active civil society

Numerous non-governmental organisations which are well informed about EITI-related issues are present and active in the country. These include the following: Publish What You Pay (PWYP); the Organisation for Capacity Building and Development (ORCADE); the National Network for the Fight Against Corruption (REN-LAC); the Journalists' Association of Burkina (AJB); the Centre for Democratic Governance (CGD); the Association of Regions of Burkina Faso (ARBF); the Association of Municipal Authorities of Burkina Faso

(AMBF); the National Corporation of Artisans and Small Mine Exploiters of Burkina (CONAPEM); and the Association of Women in the Mining Sector of Burkina (AFEMIB).

### Significant representation on the Supervisory and Steering Committees

The non-governmental organisations mentioned above are all represented on the two Committees. As such, civil society has five seats out of 18 on the Supervisory Committee and ten seats out of 25 on the Steering Committee.

Minutes of the Supervisory and Steering Committees show the regular attendance of members of civil society at Committee meetings.

### Regular participation in capacity building activities

The civil society actors are present at the Initiative training workshops. Examples include:

- Presentation of the National Initiative to civil society organisations gathered for a training workshop on the Private Sector, Corruption and Corporate Social Responsibility, 3 December 2009 in Ouagadougou
- Workshop on the subject of "How to read an EITI report" for the benefit of media actors, 30 November to 3 December 2010 in Ouagadougou
- Forum for information and awareness-raising on the subject of the mining sector and EITI in Burkina Faso, 9 and 10 November 2010 in Ouagadougou
- A training workshop for translators who will facilitate the dissemination of information on the EITI principles, criteria and process

We can also confirm that civil society representatives attend international EITI meetings:

- International Conference in Doha (Qatar), 16-18 February 2009
- International Conference in Paris (France), 2-3 March 2011
- Training session entitled "Towards Validation" in Berlin (Germany), June 2009

### Civil society bringing the National Initiative message to the population

Communications workshops on the National Initiative have been organised by members of civil society with the aim of raising awareness among the population and sections of civil society which are not members of the EITI Process Committees. Such activities include:

- Exhibition on the EITI Process in the country and the "Publish What You Pay" campaign, organised by the NGO ORCADE, 2-4 April 2009 in Ouagadougou
- Presentation of EITI in the country to civil society organisations during a workshop organised by the National Network for the Fight Against Corruption (REN-LAC), 24 June 2010 in Ouagadougou
- A workshop organised by the national Publish What You Pay coalition on 24 and 25 June 2011 to analyse the first EITI report
- A meeting with residents of the town of Kalsaka in Yatenga province (where Kalsaka Mining SA operates), organised by ORCADE on 25 July 2011, to raise awareness about EITI-BF activities

## ■ Stakeholder views

The various civil society representatives on the Committees declared themselves satisfied with their ability to express their opinions and participate in Committee affairs. They affirm that they participate actively in EITI activities and are free to express their opinions without restraint. They are satisfied with the capacity building programme included in the work plan. They appear to be independent of the government and the private sector.

The Stakeholders confirm that the organisation "Publish What You Pay" (PWYP), in association with the Organisation for Capacity Building and Development (ORCADE), has organised workshops for the purpose of raising awareness of EITI Principles among the population and of the activities of the government and companies in this field.

## ■ Validator's judgement



The various points cited above demonstrate the active participation in the Initiative on the part of a broader civil society. We also consider that Burkina Faso has achieved EITI Compliance for indicator 6.

## ✓ Indicator 7: Are companies engaged in the process?

### ■ Progress to date

#### Good level of company representation on the Supervisory and Steering Committees

The mining companies present in Burkina Faso have six members on each Committee. The four companies covered by the 2008-2009 EITI report, together with two companies which were in the development phase at the time, have seats on one or other of the Committees.

Furthermore, the company representatives regularly attend the meetings of the Supervisory and Steering Committees.

#### Strong commitment of mining companies<sup>31</sup>

The companies are well disposed to the EITI objective and appear to be fully in favour of implementing the National Initiative.

All the companies involved in the data reconciliation exercise returned their questionnaires to the independent Reconciler and agreed to cooperate in analysing the discrepancies.

Furthermore, six out of eight selected companies which fell outside of the scope of the 2008-2009 EITI report responded to our requests for self-evaluation forms thus confirming the findings of our interviews with them. Analysis of the responses appears in Part Five of this Report. The self-evaluation forms appear in appendix I.

The companies further demonstrated their good will in the implementation of the Initiative by not raising the issue of data confidentiality and by agreeing to the publication of data disaggregated according to company and flow in the 2008-2009 EITI report.

Additionally, the company representatives have participated in a certain number of events demonstrating their involvement in EITI:

- Training sessions within the framework of capacity building for stakeholders in the National Initiative in areas containing six mining sites in industrial exploitation (Youga, Bagassi, Inata, Kalsaka, Essakane and Taparko) in December 2010 and January 2011
- Workshop on the Validation Process, 11 May 2010 in Ouagadougou
- EITI International Conference in Paris (France), 2-3 March 2011

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<sup>31</sup> An assessment of the scope of companies involved is given under indicator 9 below

## ■ Stakeholder views

The representatives of the principal companies expressed their willingness to participate in the process and affirm that they do not face any capacity constraints.

The stakeholders also confirm that companies in the sector participate in EITI activities and are kept regularly informed of actions undertaken by the National Initiative.

## ■ Validator's judgement



The various points cited above demonstrate the active participation in the Initiative on the part of companies in the sector. We also consider that Burkina Faso has achieved EITI Compliance for indicator 7.

## ✓ Indicator 8: Did the government remove any obstacles to EITI implementation?

### ■ Progress to date

#### Progress of reforms for good governance

Since the 1990s, the Burkinabe mining sector has undergone liberalising reforms linked to the programmes of structural adjustment undertaken by the State. These programmes were founded on principles of free enterprise and State disengagement.

In line with this policy, Burkina Faso has therefore adopted various measures to improve the climate for investment. This effort has been recognised internationally on several occasions and the country was elevated to the ranks of the top ten reformers in the world according to the "Doing Business 2009" report of the World Bank. Burkina Faso also received the 'encouragement prize 2007' from the World Bank for progress achieved in carrying out reforms to improve the investment climate.

#### Stabilised sector regulation

Regulation of the mining sector is based on the 2003 Mining Code, the Tax Code, the Registry and Stamp Duty Code and the Customs Code.

#### National Initiative Regulations

In Burkina Faso, EITI implementation has been governed by, in chronological order, two ministerial decrees, a ministerial order and two modifying ministerial decrees:

- The two decrees<sup>32</sup> of 17 December 2008 are the foundation texts of the Initiative which establish the creation of a Supervisory Committee and a Steering Committee
- On 5 March 2009, a ministerial order<sup>33</sup> established the competencies, structure and functions of the Permanent Secretariat responsible for implementing decisions taken by the two recently created Committees

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<sup>32</sup> Decree No 2008-810/PRES/PM/MEF/MCE and Decree No 2008-811/PRES/PM/MEF/MCE of 17 December 2008

<sup>33</sup> Order No 2009-092/MEF/SG/SP-ITIE of 5 March 2009

- These two decrees were amended by the two modifying ministerial decrees<sup>34</sup> of 17 July 2009 which led to a greater representation by members of civil society in the composition of the Supervisory Committee and the Steering Committee.

### Voluntary sign up of companies

There is no law obliging mining companies in the country to sign up to or to implement EITI regulations. The involvement of companies in the EITI Process is therefore the result of an approach which is, by nature, voluntary.

Confidentiality clauses have not been an obstacle to declaring company data. This non-coercive approach has made it possible to obtain declarations from all the companies selected for inclusion in the scope of the 2008-2009 EITI report.

### Funding for the Initiative

The State has given effective support to the implementation of the National Initiative, financing 58% of the cost, taking care of structural costs very early in the proceedings and guaranteeing the continuity of funding from the State budget year after year.

## ■ Stakeholder views

All the Stakeholders affirm that there are no residual obstacles to the implementation of the Initiative.

## ■ Validator's judgement



In light of the evidence outlined above, it is our judgement that the State has removed all obstacles to EITI implementation in Burkina Faso. We also consider that Burkina Faso has achieved EITI Compliance for indicator 8.

## ✓ Indicator 9: Have reporting templates been agreed?

### ■ Progress to date

The National Initiative conducted a reconciliation exercise based on revenue flows in the mining sector in 2008 and 2009.

The relevant terms of reference were developed by the "Data Reconciliation" working group of the Steering Committee with the support of the Permanent Secretariat. They were discussed and approved during the fifth Steering Committee meeting, 23 March 2010. They established the time frame for the data reconciliation exercise, the list of flows for consideration, the companies concerned, the company exclusion criteria and the tasks to be accomplished and also proposed a format for the data reporting template.

However, we understand that the reporting templates consisted of a simple table format without instructions or a glossary.

<sup>34</sup> Decree No 2009-527/PRES/PM/MEF/MCE and Decree No 2009-528/PRES/PM/MEF/MCE of 17 July 2009

## Scope of the revenue flows

The scope of the revenue flows (or benefit streams) as established in the terms of reference covers:

- Fourteen streams in the revenues received by the General Directorate of Customs: Customs Duties (DD), Statistical Tax (RS), Community Solidarity Charge (PCS), Community Charge (PC), Value Added Tax (TVA), Contribution to the Imports Verification Programme (CPVI), Advance Payment of Profits Tax (AIB), Tolls, Remuneration for Private Copy (RCP), IT Fees (RI), Remuneration for Reproduction of Artistic and Literary Works in graphical and analogue formats (RRO), Special Remittance (RSP), Tax on Profit Margins (TMB)
- Eleven streams in the revenues received by the General Directorate of Taxes (DGI): Industrial and Commercial Profits Tax (BIC), Tax on the Revenue from Securities (IRVM), Tax on Income from Loans (IRC), Land Tax Deductions (Ret/IRF), Deductions at Source on Payments to Suppliers (RET), Single Tax on Wages and Salaries (IUTS), Minimum Fixed Tax on Industrial and Commercial Undertakings (IMFPIC), Apprenticeship Tax on Employers (TPA), Patent, Tax on Property in Mortmain (TBMM), Value Added Tax (TVA)
- Five flows in the revenues received by the General Directorate of Mines, Geology and Quarries (DGMGC): Fixed Duties, Surface Tax, Professional Royalties, Documentation Costs, Fines
- One stream in the revenues received by the General Directorate of the Treasury and Public Accounting (DGTCP): Dividends paid to the State

It would probably be useful to present an analysis of the typology of revenue flows included in this data reconciliation exercise by distinguishing between:

- Streams stipulated in Suggested action 17 of the Sourcebook ("Royalties", "Profits Taxes", Dividends, Surface Tax, etc.)
- Streams expressly excluded by Suggested action 17 of the Sourcebook ("value-added taxes", "taxes on the income of salaried workers", customs duties, etc.)
- Streams for which the cost is not met by the participating companies (Deductions at Source on Salaries, (IUTS), deductions at source of 1-5% on Burkinabe suppliers, deductions at source of 10% on foreign suppliers)

While a concept of materiality has been established to limit the number of companies in production, materiality has not been defined for the revenue flows taken into consideration. Such a procedure would have made it possible to limit data reconciliation to the most material taxes and duties: 31 taxes and duties were included in the 2008 and 2009 exercises.

## Companies involved

The Steering Committee adopted the following rules to establish the scope of the companies involved:

- The company must be in the production phase
- Production must have been underway for a full year

Excluded from the scope:

- Artisanal mining companies
- Companies which have not begun their production
- Mining companies in production but with a turnover of below 50 million Central African Francs (FCFA)

In 2008, this scope covered only one company:

- Taparko Mining Company (SOMITA)

In 2009, four companies in the production phase were included in the scope:

- Taparko Mining Company (SOMITA)
- Burkina Mining Company (BMC)
- Kalsaka Mining S.A.
- Mining Company of West Africa (SEMAFO)

### Comprehensiveness of the scope of companies included

We understand that the scope of the companies could have been extended to other companies which paid material taxes and duties in 2008-2009.

#### *Companies with partial activity for the year in question*

BMC and SEMAFO were only partially active in 2008 and were therefore excluded from the scope of the 2008 exercise. We consider this regrettable as they produced<sup>35</sup> 1.4 tonnes and 2.3 tonnes of gold respectively in 2008 and paid<sup>36</sup> more than one billion Central African Francs in royalties during this period.

- SEMAFO: 660 million FCFA
- BMC: 349 million FCFA

#### *Companies in the research or development phase*

According to the Ministry of Mines, Quarries and Energy, five mining companies in the research or development phase paid<sup>37</sup> total surface taxes of 165 million FCFA in 2008 and 103 million FCFA in 2009. The breakdown for 2008 is shown below for illustration purposes<sup>38</sup>:

- ESSAKANE: 58 million FCFA
- High River Gold: 33 million FCFA
- JIBLEY: 27 million FCFA
- ETRUSCAN: 26 million FCFA
- Golbelt Burkina: 21 million FCFA

## ■ Stakeholder views

The stakeholder members of the Committees confirmed that the scope, the periods covered and the reporting templates were fully discussed and approved by the Steering Committee. However, they complained that the formats of the reporting templates were not discussed sufficiently and that they were considered too general to produce a high quality data reconciliation exercise.

Some stakeholders wondered about the need for the scope to include taxes and duties which are not the responsibility of the companies involved (deductions at source on company salaries<sup>39</sup> and Burkinabe<sup>40</sup> or foreign suppliers<sup>41</sup>). They also favour enlarging the scope to further companies through an extended materiality analysis exercise in the selection of companies, specifically including those in the development phase.

## ■ Validator's judgement

We understand that the revenue flows, the periods covered and the reporting templates were fully discussed and approved by the Steering Committee.

<sup>35</sup> Source: mining statistics from the Ministry of Mines, Quarries and Energy – April 2011

<sup>36</sup> Source: mining statistics from the Ministry of Mines, Quarries and Energy – April 2011

<sup>37</sup> Source: mining statistics from the Ministry of Mines, Quarries and Energy – April 2011

<sup>38</sup> Source: mining statistics from the Ministry of Mines, Quarries and Energy – April 2011

<sup>39</sup> Single Tax on Wages and Salaries (IUTS)

<sup>40</sup> Deductions at source of 1% to 5% on amounts paid to suppliers based in Burkina Faso

<sup>41</sup> Deductions at source of 10% to on amounts paid to suppliers based outside Burkina Faso

The sector revenues would, probably, have been more complete if the scope had included BMC and SEMAFO in 2008 and the main surface-tax-paying companies in the research or development phase.

We understand, however, that the multi-stakeholder group's decision to limit the scope of the country's first EITI report was based on a desire to minimise the problems associated with the first – and already complicated – reconciliation exercise.

We understand that the terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report include provisions to widen the scope to include other companies, to limit future reconciliation exercises to material flows only and to improve the reporting templates.



In light of the evidence outlined above, we consider that reporting templates have been agreed. We also consider that Burkina Faso has achieved EITI Compliance for indicator 9.

## ■ Recommendations

- ⇒ **R4 – Extend the scope to include further companies**
- ⇒ **R5 – Limit future reconciliations to material benefit streams**
- ⇒ **R6 – Improve formats for the reporting templates**

✓ **Indicator 10: Is the multi-stakeholder group content with the organisation appointed to reconcile figures?**

## ■ Progress to date

The recruitment process for the independent Reconciler was launched on 6 July 2010 and produced bids from three firms. Analysis of the bids led to the selection of the firm KPMG-Côte d'Ivoire. The outcomes were subsequently made public on 12 August 2010<sup>42</sup>.

Analysis of the bids was conducted by the General Directorate of Public Procurement with the participation of a member of the Permanent Secretariat. Exactly the same procedure was used to recruit the consultant tasked with creating the communications strategy and the consultant tasked with creating the EITI website.

Nevertheless, we understand that, while the Steering Committee did participate in developing the terms of reference, it was not directly involved in analysing the bids and in the final selection of the independent Reconciler.

However, we understand that this omission, largely perceived as such by the civil society representatives on the Steering Committee, was not deliberate on the part of the Permanent Secretariat.

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<sup>42</sup> Source: General Directorate of Public Procurement

Notwithstanding, in order to facilitate the active participation of the multi-stakeholder group in future analyses of the bids of potential consultants, the Ministry of the Economy and Finance has taken the necessary measures by means of the letter from the Director of Public Procurement dated 16 March 2011. We understand that this regulation was respected during the recruitment of the consultant tasked with carrying out the Validation process.

We understand that the representative of KPMG in Burkina Faso is the auditor for one of the four companies included in the data reconciliation exercise. As such, this selection cannot be said to offer all the required guarantees of impartiality and absence of potential conflict of interest as recommended by Suggested action 13 in the Sourcebook.

## ■ Stakeholder views

The civil society members of the Committees expressed regret that they had not been fully involved in the selection of the independent Reconciler for the 2008-2009 EITI report but confirmed that they did participate in establishing the terms of reference and that, ultimately, they had not expressed any opposition to the selection.

The other stakeholders confirmed to us that there was general consensus during the selection of the independent Reconciler.

## ■ Validator's judgement

Despite the different viewpoints cited above, we understand that none of the stakeholders, civil society representatives included, objected to the eventual choice of independent Validator.

We also understand that the draft terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report include provisions to avoid conflicts of interest.



In light of the evidence outlined above, we consider that the multi-stakeholder group is content with the organisation appointed to reconcile figures. We also consider that Burkina Faso has achieved EITI Compliance for indicator 10.

## ■ Recommendation

⇒ **R7 – Ensure that possible conflicts of interest are considered during the selection of the independent Reconciler**

## ✓ Indicator 11: Has the government ensured that all companies will report?

### ■ Progress to date

In Burkina Faso, company participation in the National Initiative is on a voluntary basis. The government ensured that the companies reported their figures by means of regular communications and a general letter from the Minister of the Economy and Finances, dated 11 October 2010, attached to the reporting templates. These were sent to the Director Generals of the four mining companies included in the scope of the 2008-2009 EITI report.

The four companies involved all agreed to participate in the reconciliation and returned their reporting templates promptly. Similarly, they all agreed to the publication of disaggregated data and nor did they delay the process by citing data confidentiality.

### ■ Stakeholder views

The representatives of civil society and the government appreciated the full participation of the companies in the data reconciliation exercise. However they regretted the fact that these data had been declared on an accrual basis and not on a cash accounting basis as the stakeholders had envisaged.

### ■ Validator's judgement

We understand that the draft terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report include provisions to include in the scope "all mining companies in construction or production and any artisanal or semi-mechanised company in production during the year 2010".



In light of the evidence outlined above, we consider that the government has ensured that all companies will report. We also consider that Burkina Faso has achieved EITI Compliance for indicator 11.

## ✓ Indicator 12: Has the government ensured that company reports are based on audited accounts to international standards?

### ■ Progress to date

We understand that the legislation of Burkina Faso obliges the mining companies involved to have their financial statements audited annually in line with OHADA regulations<sup>43</sup>. We understand that the independent Reconciler did receive the annual accounting reports certified by the auditors of the four companies involved, for 2008 and 2009, and that the accounts were indeed certified.

However, Suggested action 18 in the Sourcebook recommends that, in addition to the company accounts, the reporting templates themselves should also be audited and ratified by the external auditor in order to guarantee the quality of the information contained in them. Nevertheless, the reporting templates returned to the independent Reconciler for the 2008-2009 EITI report were not ratified by the auditors.

### ■ Stakeholder views

The civil society representatives did not make any particular comment on this matter.

The company representatives do not object to requesting that their auditors check and ratify the data submitted to the independent Reconciler when future EITI reports are produced.

### ■ Validator's judgement

We understand that the terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report include provisions to ask companies to submit reports "certified as compliant with accounts audited by their auditors (statutory or otherwise)".



In light of the evidence outlined above, we consider that the government has ensured that company reports are based on audited accounts to international standards. We also consider that Burkina Faso has achieved EITI Compliance for indicator 12.

### ■ Recommendations

⇒ **R8 – In future reconciliations, obtain company reporting templates ratified by auditors**

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<sup>43</sup> Organisation for the Harmonisation of Business Law in Africa (*Organisation pour l'Harmonisation en Afrique du Droit des Affaires*)

## ✓ Indicator 13: Has the government ensured that government reports are based on audited accounts to international standards?

### ■ Progress to date

In Burkina Faso, government declarations relating to the revenues for 2008 and 2009 were issued by the General Directorate of Mines, Geology and Quarries (DGMGC), the General Directorate of Taxes (DGI) and the General Directorate of Customs (DGD). We understand that they were ratified by the Directors of each of the services. We also understand that the Burkinabe State accounts were subject to controls which resulted in endorsement by the National Assembly as stipulated in the laws known as *Lois de Règlement* ("Budget Review Acts") for 2008 and 2009.

We understand that the controls largely consist of ensuring that the revenues received are duly paid to the Public Treasury and included in the public accounting process. Nevertheless, this does not constitute an audit as defined by international regulations.

However, we accept that complying with this indicator is particularly complex because, although recognised international standards for auditing government accounts exist<sup>44</sup>, States do not have the structures for conducting audits of this nature which would be extremely costly. This difficulty has already been identified by the Validators' Reports of Azerbaijan and Liberia.

### ■ Stakeholder views

The stakeholder members of the Committees are aware of the difficulty of complying with this indicator. They believe that the controls exercised, ratified by the Budget Review Acts, are enough to guarantee the quality of the data declared by the government administrations.

### ■ Validator's judgement

We understand that the terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report include provisions to "check that the declarations made by the State's financial bodies are accompanied by an official letter from the relevant authority stating that the data submitted are reliable".

It would also be useful, in all probability, to create a working group within the Steering Committee to gain additional knowledge of the controls carried out under the Budget Review Acts, the work of the National Audit Office and the controls carried out by international organisations such as Linpico<sup>45</sup> on the financial flows covered by Burkina Faso's EITI report.

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<sup>44</sup>Burkina Faso is a member of the International Organization of Supreme Audit Institutions (INTOSAI), which promotes the application of the ISSAI (International Standards of Supreme Audit Institutions) standards. The ISSAI standards are based on the ISA (International Standards on Auditing) principles, which are used by statutory and contractual company auditors.

<sup>45</sup> See Linpico study entitled "*Mesure de la performance de la gestion des finances publiques au Burkina Faso selon la méthodologie PEFA*" (Measuring public expenditure and financial accountability in Burkina Faso to PEFA standards) – April 2007



In light of the evidence outlined above, we consider that Burkina Faso has achieved EITI Compliance for indicator 13.

## ■ Recommendations

⇒ **R9 – In future reconciliations, obtain a Representation letter from the government administrations**

✓ **Indicator 14: Were all material oil, gas and mining payments by companies to government (“payments”) disclosed to the organisation contracted to reconcile figures and produce the EITI report?**

## ■ Progress to date

We understand that all the companies involved declared their payments on an accrual basis while the government departments declared their revenues on a cash accounting basis, as defined<sup>46</sup> by the Steering Committee.

As such, disclosure of data on the basis of a different system did not enable the companies to declare the totality of the payments for 2008 and 2009.

This observation was confirmed by the independent Reconciler's report which indicated that:

- "Some companies did not fully complete the reporting templates which were sent to them", 2008-2009 EITI report, p.50<sup>47</sup>
- "Some taxes and duties were not declared by the mining operators", 2008-2009 EITI report, p.50<sup>48</sup>

Furthermore, due to the fact that the scope was limited only to companies that had been in full production for one year, it was not possible to identify the royalties received from BMC and SEMAFO, who paid<sup>49</sup> more than 1.0 billion FCFA in 2008 (SEMAFO: 660 million FCFA and BMC: 349 million FCFA).

## ■ Stakeholder views

All the stakeholder members of the Committees agree that there was insufficient preparation for the data reconciliation exercise and that this did not enable companies to disclose all the payments according to the systems required.

One of the companies involved indicated, in the responses on its self-evaluation form, that it had not declared its payments in their entirety on account of the complicated nature of the reporting template and the fact that not enough time was given for the responses.

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<sup>46</sup> Page 7, paragraph D of the terms of reference

<sup>47</sup> Page 50 of the 2008-2009 EITI report, 3rd paragraph

<sup>48</sup> Page 50 of the 2008-2009 EITI report, 6th paragraph

<sup>49</sup> Source: mining statistics from the Ministry of Mines, Quarries and Energy – April 2011

## ■ Validator's judgement

We consider that companies in the sector did not declare all of their payments for two main reasons:

- The companies reported their payments using a different accounting method<sup>50</sup> than the method stipulated by the Steering Committee
- Due to the fact that the scope was limited only to companies that had been in full production for one year, it was not possible to identify more than 1.0 billion FCFA of royalties in 2008 (SEMAFO: 660 million FCFA and BMC: 349 million FCFA).

We also understand that the draft terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report include provisions to correct these shortcomings.



In light of the evidence outlined above, we do not consider that all material oil, gas and mining payments by companies to government ("payments") were disclosed to the organisation contracted to reconcile figures and produce the 2008-2009 EITI report. We also consider that Burkina Faso has not achieved EITI Compliance for indicator 14.

## ■ Recommendation

⇒ **R10 – Improve company understanding of the reporting templates**

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<sup>50</sup> The companies reported their data on an accrual basis while the government made its declaration on a cash accounting basis as the Steering Committee had envisaged.

- ✓ Indicator 15: Were all material oil, gas and mining revenues received by the government (“revenues”) disclosed to the organisation contracted to reconcile figures and produce the EITI report?

## ■ Progress to date

It is difficult to assess the comprehensiveness of government declarations due to that fact that:

- The data were declared on a different accounting basis than that used by the companies
- The independent Reconciler's work was not sufficiently rigorous (as described under indicator 16 below)

Furthermore, because the scope was limited only to companies that had been in full production for one year, it was not possible to identify the royalties received from BMC and SEMAFO, who paid<sup>51</sup> more than 1.0 billion FCFA in 2008 (SEMAFO: 660 million FCFA and BMC: 349 million FCFA).

## ■ Stakeholder views

The stakeholder members of the Committees believe that these omissions are largely the result of inadequate preparation for the reconciliation process, inappropriate template formats and a certain lack of methodological rigour on the part of the independent Reconciler in charge of the data reconciliation for 2008-2009.

## ■ Validator's judgement

We consider that, due to the fact that the scope was limited only to companies that had been in full production for one year, it was not possible to identify more than 1.0 billion FCFA of royalties in 2008 (SEMAFO: 660 million FCFA and BMC: 349 million FCFA).

Furthermore, it was not possible to show that the government reports were exhaustive due to the fact that the data were reported on a different accounting basis<sup>52</sup> and the fact that the independent Reconciler's work was not sufficiently rigorous.

We also understand, however, that the draft terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report include provisions to correct these shortcomings.



In light of the evidence outlined above, we do not consider that all material oil, gas and mining revenues received by the government (“revenues”) were disclosed to the organisation contracted to reconcile figures and produce the

<sup>51</sup> Source: mining statistics from the Ministry of Mines, Quarries and Energy – April 2011

<sup>52</sup> The companies reported their data on an accrual basis while the government made its declaration on a cash accounting basis as the Steering Committee had envisaged.

2008-2009 EITI report. We also consider that Burkina Faso has not achieved EITI Compliance for indicator 15.

- ✓ Indicator 16: Was the multi-stakeholder group content that the organisation which was contracted to reconcile the company and government figures did so satisfactorily?

#### ■ Progress to date

The 2008-2009 EITI report states the context and objectives of the study. It presents the principal EITI Rules and the characteristics of the National Initiative. Similarly, it describes the country's mining sector and the key actors and sets out the criteria for establishing the scope of the companies involved: they must have been in the production phase for a whole year, must not have a turnover below 50 million Central African Francs and must not be artisanal in nature.

It then lists the companies involved in the data reconciliation exercise, comprising SOMITA for 2008 and, for 2009, the Taparko Mining Company (SOMITA), Burkina Mining Company S.A. (BMC), the West African Mining Company (SEMAFO) and Kalsaka Mining S.A.

There follows a list of 31 taxes and duties included (described and analysed under indicator 9)

The methodology used for the data reconciliation is also described here:

- Collection of data from companies and State bodies
- Verification of company data on the basis of certifying documentation supplied (such as declarations, receipts and cheques)
- Reconciliation of company and government data
- Analysis of discrepancies

The 2008-2009 EITI report also gives a list of persons interviewed and presents the following in disaggregated form:

- Taxes and duties declared by the companies
- Taxes and duties declared by the government bodies
- Total of discrepancies resolved
- Total of discrepancies unresolved

However, both the data reconciliation process and the content of the 2008-2009 EITI report appear to show certain serious limitations, discussed below.

#### The reconciliation process includes technical shortcomings

Taxes and duties were declared by the companies on an accrual basis while the government made its declaration on a cash accounting basis as the Steering Committee had envisaged. This methodological difference automatically compromises the quality of the data reconciliation exercise and the figures presented in the 2008-2009 EITI report.



2008-2009 EITI Report

Furthermore, we understand that it was not possible to reconcile the customs duties (and other customs-related taxes and duties) declared by the companies with those declared by the government because:

- The companies declared the payments (1) in general form and (2) on an accrual basis
- The Customs department declared its revenues (1) in detail and (2) on a cash accounting basis

#### Reporting templates unclear and insufficient preparation

The difficulties encountered appear to be due to inadequate preparation for the reconciliation exercise on the part of the independent Reconciler and to the lack of clarity in the reporting templates.

It is the independent Reconciler's responsibility to perform the following checks before beginning the reconciliation process:

- The proposed reporting templates are comprehensive, involving more than a simple data table, with instructions for use and a glossary
- Each of the actors, companies and government departments in particular, fully understands what is expected

#### The work of the independent Reconciler seems to have lacked rigour

Members of the Steering Committee expressed their concerns regarding the content of the 2008-2009 EITI report:

- The draft proceedings of the seventh meeting of the Steering Committee of 16 March 2011 show that the Permanent Secretariat noted certain "shortcomings" in the report concerning the certification of data
- The proceedings of the extraordinary meeting of the Steering Committee of 31 March 2011 also show that several sections of the report were the "subject of criticism" and that amendments "especially related to the format and occasionally to the substance of the document had been made"

It also appears that the final version still contains serious omissions:

- The totals presented in the fifth and sixth columns of Table 15 on p.43 equal 1,943,427,239 and not 2,747,783,537 Central African Francs as shown here below:

**Tableau 15 : Réconciliation entre les montants justifiés par SEMAFO en 2009 et les montants inscrits dans les états SINTAX de l'Etat du Burkina Faso**

Nature des flux	Bénéficiaires	Montants en FCFA				
		Etat	SEMAFO	Ecarts globaux	Ecarts expliqués	Ecarts non expliqués
Droits de douane	DGD	537 545 398	0	537 545 398	537 545 398	
CPV	DGD	90 015 586	0	90 015 586	90 015 586	
PC	DGD	53 639 944	0	53 639 944	53 639 944	
PCS	DGD	107 279 052	0	107 279 052	107 279 052	
PEA	DGD	3 831 705	0	3 831 705	3 831 705	
RCP	DGD	0	0	0	0	
RRO	DGD	0	0	0	0	
RS	DGD	107 279 052	0	107 279 052	107 279 052	
TVA	DGD	8 292 625	108 323 999	-100 031 374	-100 031 374	
Taxes globales (AIB, RI et RSP)	DGD	4 796 935		4 796 935		
IUTS	DGI	779 472 811	782 940 428	-3 467 617	-3 467 617	
Retenues 1% et 5%	DGI	211 219 968	156 483 789	54 736 179	54 736 179	
Retenue 10%	DGI	129 975 511	174 428 558	-44 453 047	-44 453 047	
IRVM	DGI	0	0	0	0	
Impôts sur revenus fonciers	DGI	1 224 000	4 557 000	-3 333 000	306 000	-3 639 000
Impôts sur les BIC	DGI		2 679 776 400	-2 679 776 400	-2 679 776 400	
Taxes superficielles	DGMGC	46 750 000	46 750 000	0	0	
Redevance proportionnelle	DGMGC	2 043 204 986	2 114 694 638	-71 489 652	-71 489 652	
Pénalités	DGI	0	0	0	0	
Droits d'enregistrement	DGI	0	0	0	0	
<b>TOTAL</b>		<b>4 124 527 573</b>	<b>6 067 954 812</b>	<b>-2 747 783 537</b>	<b>-2 744 144 537</b>	<b>-3 639 000</b>
Crédit de TVA	DGI	0	0		0	
<b>TOTAL</b>		<b>4 124 527 573</b>	<b>6 067 954 812</b>	<b>-1 943 427 239</b>	<b>-2 744 144 537</b>	<b>-3 639 000</b>

**-1 943 427 239**

*Table 15 of the 2008-2009 EITI Report – page 43*

- Summary Table 18 on p.48 does not correspond to the total of the four tables set out according to company, as the analysis here below shows. The sum of the discrepancies is not 2 billion but rather 4.8 billion Central African Francs.

F CFA	State	Companies	Overall discrepancies	
SOMITA	3,377,550,683	2,932,094,627	445,456,056	Page 35
KALSAKA	1,527,636,056	5,165,721,754	-3,638,085,698	Page 38
BMC	1,688,014,838	1,367,146,938	320,867,900	Page 41
SEMAFO	4,124,527,573	6,067,954,812	-1,943,427,239	Page 43
Cumulative total of tables by company	10,717,729,150	15,532,918,131	-4,815,188,981	
Summary Table total according to EITI report	10,700,158,561	12,750,846,060	-2,050,687,499	Page 48
Errors of addition	17,570,589	2,782,072,071	-2,764,501,482	

*Discrepancies between total of tables by company and summary table*

- The total of the fourth column of Table 4 on p.32 does not correspond to the total of the fourth column of Table 18 on p.48
- The discrepancy presented in the fifth column of Table 10 on p.38 totals 3,745,754,604 and not 107,708,906 Central African Francs
- Totals are lacking in the third and fifth columns of Table 12 on p.40
- The discrepancy presented in the fifth column of Table 14 on p.42 totals 1,462,093,291 and not 329,041,291 Central African Francs

We understand that the multi-stakeholder group's decision to accept the first version of the EITI report despite these shortcomings is due to a desire to continue with National Initiative implementation and to correct the shortcomings identified in the second EITI report.

### Impact of the crisis in Côte d'Ivoire

The independent Reconciler, based in Abidjan, presented a first version of the 2008-2009 EITI report in December 2010. However the effects of the crisis in Côte d'Ivoire had a significant impact on the Reconciler's work, limiting his ability to travel throughout the first quarter of 2011.

## ■ Stakeholder views

The stakeholder members of the Committees regretted that the independent Reconciler had not given the necessary assistance to the Steering Committee in order to guarantee the quality of the established scope and of the reporting templates.

The companies believe that the reconciliation process conducted by the independent Reconciler should have begun with a preparatory meeting for explanatory purposes. They further believe that the time allowed for data disclosure was too short.

All stakeholders expressed their dissatisfaction with the quality of the 2008-2009 EITI report, stating that they would like to see the necessary improvements made for the next EITI report.

Taking into account the very complex nature of the reconciliation exercise and the difficulties encountered during this process, the stakeholders, and particularly the representatives of civil society, expressed a wish to have the benefit of further training in these areas: the mining sector, taxation, EITI Rules etc. To this end, editing and publication of a simplified version of the 2008-2009 EITI report is eagerly awaited.

## ■ Validator's judgement

As explained above, the reconciliation process for the first EITI report contained a number of technical shortcomings and insufficient preparation time was allocated. Furthermore, the reporting templates used were imprecise and the independent Reconciler's work lacked rigour. We also consider that the reconciliation exercise was not conducted in a satisfactory manner.

We understand, however, that the crisis in Côte d'Ivoire had a substantial impact on the independent Reconciler's ability to carry out his work.

We also understand that the shortcomings identified have been addressed in the draft terms of reference for the country's second EITI report.



In light of the evidence outlined above, we do not consider that the multi-stakeholder group was content that the organisation which was contracted to reconcile the company and government figures did so satisfactorily. We also consider that Burkina Faso has not achieved EITI Compliance for indicator 16.

## ✓ Indicator 17: Did the EITI report identify discrepancies and make recommendations for actions to be taken?

### ■ Progress to date

The 2008-2009 EITI report of the independent Reconciler includes three types of discrepancy:

- "Overall discrepancies"
- "Resolved discrepancies"
- "Unresolved discrepancies"

For 2008<sup>53</sup>, the overall discrepancies total 125 million Central African Francs which breaks down into 285 million FCFA of resolved discrepancies and (160) million FCFA of unresolved discrepancies.

For 2009<sup>54</sup>, the overall discrepancies total (2,050) million Central African Francs which breaks down into (2,001) million FCFA of resolved discrepancies and (49) million FCFA of unresolved discrepancies as set out in the table below.

Nature des flux	Bénéficiaires	TOTAL en FCFA				
		Etat	Entités	Ecarts globaux	Ecarts expliqués	Ecarts non expliqués
Droits de douane	DGD	1 167 187 269		1 167 187 269	1 167 187 269	
CPV	DGD	196 605 631	0	196 605 631	196 605 631	
PC	DGD	116 635 608	0	116 635 608	116 635 608	
PCS	DGD	233 193 195	0	233 193 195	233 193 195	
PEA	DGD	7 945 336	0	7 945 336	7 945 336	
RCP	DGD	0	0	0	0	
RRO	DGD	0	0	0	0	
RSP	DGD	233 268 909	0	233 268 909	233 268 909	
TVA	DGD	8 989 492	0	8 989 492	8 989 492	
Taxes globales (AIB, RI et RSP)	DGD			0	0	
IUTS	DGI	2 265 571 778	2 305 947 927	-40 376 149	-40 376 149	
Retenues 1% et 5%	DGI	513 702 462	562 482 236	-48 779 774	-48 779 774	
Retenue 10%	DGI	355 942 218	268 195 489	87 746 729	87 746 729	
IRVM	DGI	681 315 087	680 864 087	451 000	451 000	
Impôts sur revenus fonciers	DGI	6 835 500	10 267 500	-3 432 000	891 000	-4 323 000
Taxes superficielles	DGMGC	194 075 000	195 477 130	-1 402 130	-1 402 130	
Redevance proportionnelle	DGMGC	4 713 891 076	4 926 796 775	-212 905 699	-212 905 699	
Pénalités	DGI	5 000 000	39 202 417	-34 202 417	-4 202 417	-30 000 000
Droits d'enregistrement	DGI	0	15 817 895	-15 817 895	-670 233	-15 147 662
<b>TOTAL</b>		<b>10 700 158 561</b>	<b>9 005 051 456</b>	<b>1 695 107 105</b>	<b>1 744 577 767</b>	<b>-49 470 662</b>
Crédit de TVA	DGI	0	3 745 794 604	-3 745 794 604	-3 745 794 604	
<b>TOTAL</b>		<b>10 700 158 561</b>	<b>12 750 846 060</b>	<b>-2 050 687 499</b>	<b>-2 001 216 837</b>	<b>-49 470 662</b>

*Detail of discrepancies for 2009 according to the 2008-2009 EITI Report - page 48*

<sup>53</sup> Table 17, page 47 of the 2008-2009 EITI report

<sup>54</sup> Table 18, page 48 of the 2008-2009 EITI report

The independent Reconciler of the 2008-2009 EITI report proposes 25 recommendations which appear on pages 51 and 52:

- Twelve recommendations on the "collection procedures and the declarations of entities"
- Four recommendations on "data reconciliation"
- Two recommendations on "publication of data"
- Four recommendations on the "method of collecting payments and State revenues"
- Two recommendations on "submitting and assessing the report"
- One recommendation on "following up recommendations"

## ■ Stakeholder views

The representatives of civil society and of the government who are members of the Committees regretted that the discrepancies present in the 2008-2009 EITI report were the result of declarations of data based on different accounting systems: an accrual basis in the case of the companies and cash accounting for the government bodies.

Certain stakeholder representatives believed that it would probably have been useful to ask the companies involved to produce amended reporting templates.

We also understand that the members of the Committees appreciated the efforts of the independent Reconciler to suggest recommendations and amending actions which will be taken into account during the next data reconciliation exercise.

## ■ Validator's judgement

The 2008-2009 EITI report identifies discrepancies and makes recommendations for actions to be taken. Nevertheless, the numerous technical shortcomings identified in the data reconciliation exercise and in the report itself (company and government reports not submitted on the same bases, inaccurate reporting forms, insufficient preparation, non-comprehensive scope, data calculation and carry-over errors in the 2008-2009 EITI report) mean that the process was not sufficiently rigorous to guarantee reliable conclusions.



In light of the evidence outlined above, we do not consider that the 2008-2009 EITI report identified discrepancies in accordance with the EITI Rules. We also consider that Burkina Faso has not achieved EITI Compliance for indicator 17.

✓ Indicator 18: Was the EITI report made publicly available in a way that was publicly accessible, comprehensive and comprehensible?

## ■ Progress to date

The 2008-2009 EITI report was not made publicly available before the initial Validation deadline of 14 May 2011.

Following the extension of the Validation deadline, and despite the socio-political crisis in Burkina Faso, a simplified version of the 2008-2009 EITI report was published and a range of dissemination activities undertaken.

### A simplified version of the 2008-2009 EITI report

The Permanent Secretariat prepared a simplified version of the EITI report, which was subsequently approved by the multi-stakeholder group at the Steering Committee meeting of 29 July 2011. This document will shortly be translated into three of Burkina Faso's national languages: Mossi, Dioula and Fula.

The EITI report, along with its simplified version, is now available on the National Initiative website: [www.itie-bf.gov.bf](http://www.itie-bf.gov.bf)

### Impact of the socio-political crisis in Burkina Faso

A socio-political crisis occurred in Burkina Faso between April and June 2011, resulting in social unrest among the civilian population across the country and violent military uprisings in several towns and cities. The crisis hampered efforts to complete the activities set out in the work plan, particularly in relation to dissemination of the first EITI report, which should have begun immediately after it was adopted by the Steering Committee on 31 March 2011.

### Dissemination activities

A number of dissemination activities have taken place since June 2011:

- The 2008-2009 EITI report and its simplified version have been published on the National Initiative website
- A presentation on the EITI-BF and the content of the 2008-2009 EITI report was broadcast on the Canal 3 TV station on Friday 10 June 2011, featuring the Permanent Secretary of the EITI in Burkina Faso and the heads of two of the Steering Committee's working groups (Communications and Capacity Building)
- The 2008-2009 EITI report was presented to the "Burkindi" Network, a parliamentary anti-corruption network, on 16 June 2011
- A workshop organised by the national Publish What You Pay coalition took place on 24 and 25 June 2011 to analyse the first EITI report
- A press conference took place on 6 August 2011 at the Relax Hotel in Ouagadougou to discuss Burkina Faso's progress towards achieving Compliant country status and to explain the content of the 2008-2009 EITI report. This meeting was organised by the ORCADE network and was attended by the Permanent Secretariat of the EITI in Burkina Faso.

## ■ Stakeholder views

All the stakeholder representatives on the Committees regretted that it was not possible to publish the 2008-2009 EITI report within the time period required according to the EITI Rules but expressed their appreciation for the dissemination activities undertaken following the deadline extension.

In effect, we understand that, due to the awareness-raising activities carried out under the heading of the National Initiative, the population in general, and representatives of civil society in particular, have high expectations regarding the data presentation.

## ■ Validator's judgement



In light of the evidence outlined above, we consider that the 2008-2009 EITI report was made publicly available in a way that was publicly accessible, comprehensive and comprehensible. We also consider that Burkina Faso has achieved EITI Compliance for indicator 18.

## ■ Recommendations

⇒ R11 – Continue dissemination of the 2008-2009 EITI report

⇒ R12 – Regular reconciliation and publication of data

✓ Indicator 19: How have oil, gas and mining companies supported EITI implementation?

## ■ Progress to date

All the companies involved in the data reconciliation exercise returned their questionnaires to the independent Reconciler and agreed to cooperate in analysing the discrepancies.

Furthermore, six out of eight companies responded to our requests for self-evaluation forms thus confirming the findings of our interviews. Three of the companies involved consider the discussions positive. Of these, two companies have publicly declared their support for the National Initiative. Analysis of the responses appears in Part Five of this Report. The self-evaluation forms appear in appendix I.

The companies further demonstrated their good will towards the implementation of the Initiative by not raising the issue of data confidentiality and by agreeing to the publication of data disaggregated according to company and flow in the 2008-2009 EITI report.

Furthermore, they have participated in the process by organising training sessions within the framework of capacity building for stakeholders in the areas containing six mining sites in industrial exploitation (on the sites of Youga, Bagassi, Inata, Kalsaka, Essakane and Taparko) in December 2010 and January 2011.

We understand that, on 20 May 2011, the mining companies created a structure known as the Burkina Faso Chamber of Mines (*Chambre des Mines du Burkina Faso*) to promote the mining sector and facilitate their activities within the National Initiative.

## ■ Stakeholder views

The representatives of civil society and the government on the Committees appreciated the participation of companies in the National Initiative. They especially appreciated the agreement to base the 2008-2009 EITI report on disaggregated data. However they regretted the fact that the data had been based on systems which did not allow a high quality reconciliation exercise.

The representatives of civil society and the government also wish to be able to carry out site visits as soon as possible.

We understand that, in order to improve the quality of future EITI reports, the multi-stakeholder group has decided to include companies in the development phase and semi-artisanal companies in the scope of future reconciliation exercises.

## ✓ Indicator 20: What steps have been taken to act on lessons learnt, address discrepancies and ensure that EITI implementation is sustainable?

### ■ Progress to date

We note that several decisions and actions have been taken in response to the difficulties encountered and in order to guarantee the sustainability of the Initiative. Key among these are:

- Adoption of two modifying ministerial decrees<sup>55</sup> of 17 July 2009 leading to a greater representation by members of civil society in the composition of the Supervisory Committee and the Steering Committee
- The decision of the Minister of the Economy and Finance to allow the multi-stakeholder group to participate in the meetings at which the consultants' bids are opened and analysed thus facilitating the compliance of the process with EITI Rules

### ■ Stakeholder views

The recommendations contained in Part Six of this Report were discussed with the Permanent Secretariat and presented to the Supervisory Committee and the Steering Committee on Monday 18 April.

We understand that the members of the Committees accept these proposals and wish to implement them without delay in order to strengthen the quality of the National Initiative.

We note that the deadline extension granted by the Validation Committee has enabled the National Initiative to begin implementing the recommendations made in the final section of this Report. These include, in particular:

- Update the work plan in order to include the continuation of EITI activities in Burkina Faso beyond 2011 – *Recommendation 3*
- Initiate dissemination of the 2008-2009 EITI report – *Recommendation 11*
- Regular reconciliation and publication of data – *Recommendation 12*
- Prepare the terms of reference for the recruitment of the independent Reconciler responsible for preparing the country's second EITI report – *Recommendation 12*. This document makes the following provisions:
  - o Extend the scope to include further companies – *Recommendation 4*
  - o Limit future reconciliations to material benefit streams – *Recommendation 5*
  - o Improve formats for the reporting templates – *Recommendation 6*
  - o Ensure that possible conflicts of interest are considered during the selection of the independent Reconciler – *Recommendation 7*
  - o In future reconciliations, obtain company reporting templates ratified by auditors – *Recommendation 8*
  - o In future reconciliations, obtain a Representation letter from the government administrations – *Recommendation 9*
  - o Improve company understanding of the reporting templates – *Recommendation 10*

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<sup>55</sup> Decree No 2009-527/PRES/PM/MEF/MCE and Decree No 2009-528/PRES/PM/MEF/MCE of 17 July 2009

- Recommendations

- ⇒ **R13 – Creation of an EITI database**
- ⇒ **R14 – Creation of a database for the mining sector**
- ⇒ **R15 – Develop the Initiative website**

# C COMPANY IMPLEMENTATION

Company implementation

Analysis of responses

## ✓ Company implementation

### • Sourcebook

While the primary purpose of Validation is to analyse National Initiative Compliance with EITI Rules, it also involves making a judgement on EITI implementation by participating companies<sup>56</sup>.

Our analysis of company implementation is mainly based on the self-evaluation forms received from companies and the interviews held in Ouagadougou during Phase II.

### • Self-evaluation forms

Our self-evaluation forms were designed on the basis of the recommendations in the Sourcebook. They contain 14 key questions. They are available in French and English.

### • Distribution of forms

The forms were sent out by email to eight companies: the four companies in production covered by the 2008-2009 EITI report and four companies which entered into production later.

### • Replies received

The following six companies submitted responses to the self-evaluation forms:

Companies within the scope	Companies outside the scope
- Burkina Mining Company (BMC) (member of the Committees)	- Essakane SA (member of the Steering Committee)
- Kalsaka Mining SA (member of the Committees)	- Nantou Mining SA
- Société Minière d'Afrique de l'Ouest (SEMAFO) (member of the Committees)	- Société des Mines de Bélahouro (SMB) (member of the Committees)

#### Received self-evaluation forms

The six self-evaluation forms in question appear in appendix II.

### • EITI implementation by the key extractive industry companies in the country

Three of the companies involved state that they participated in the data reconciliation exercise of 2008 and 2009. Of these, two confirmed that they have publicly stated their support for the National Initiative while three expressed a positive opinion of the discussions which had taken place.

Three companies had a positive view of the Country Work Plans developed by the Steering Committee. Of these, two companies did not mention having encountered any obstacles to EITI implementation and are satisfied with the selection of, and work done by, the independent Reconciler for 2008 and 2009 and with the scope adopted.

<sup>56</sup> EITI Sourcebook – Chapter 3 – "Illustrative guidance for extractive industry companies"

However, one of the participating companies stated that:

- Not all of the material payments had been disclosed due to the "complicated forms"
- The scope of the companies involved should "take into account companies in the construction phase, gold trading agencies and semi-industrial or artisanal companies"
- The forms are "not appropriate" with their "ambiguous explanation of the data required" and a "complicated methodology for data collection"
- The choice of the independent Reconciler and the work carried out was unsatisfactory due to a lack of "effort to support and assist the stakeholders" with the result that "customs-related taxes and duties were not included due to insufficient detail"

This company made the following recommendations:

- "Appropriately-designed, user-friendly forms for data collection"
- "Fewer streams"
- "Participation of financial directors of extractive industry companies" when the "forms are designed"
- "Training workshops organised for effective use of forms"
- A "meeting between stakeholders and the independent Reconciler to agree on the finer points before the work gets underway"

## ✓ Analysis of responses

Below is an analysis of the six responses received to the 14 questions on the forms.

Question 1: Has your company made public statements in support of the EITI process in this country?

Two of the four companies involved, together with three out of four companies outside of the scope of the 2008-2009 EITI report, indicated that they had publicly declared their support for the National Initiative.

Question 2: Has the dialogue about the initiative been constructive and can it be improved?

All the companies expressed a positive view of the discussions about the National Initiative.

Several companies emphasised the need to strengthen communications with the various actors and with the population.

Question 3: Has your company been confronted with obstacles during the implementation of the EITI? If yes, can you suggest elements of the process that can be improved?

Four companies did not cite any obstacles to implementing the National Initiative.

One company felt that greater coordination was necessary for the process.

Question 4: Is your company satisfied with the Country Work Plans (as defined by the multi-stakeholder group)?

All the companies had a positive view of the Country Work Plans developed by the Steering Committee.

Question 5: Has your company committed to support and cooperate with the implementation of the Country EITI Work Plan (as agreed by the multi-stakeholder group), including abiding by government EITI-related directives (e.g. laws and MoUs) and, where appropriate, meeting with stakeholders?

All the companies said that they were in favour and had supported implementation of actions adopted in the Country Work Plans.

Question 6: Were the data that your company submitted to the organisation contracted to reconcile figures and produce the EITI report taken from accounts independently audited according to international standards?

Three of the companies included in the scope confirmed that their accounts were audited to international standards.

Question 7: Was the report that your company submitted to the organisation contracted to reconcile figures and produce the EITI report certified by your auditors according to international standards as well?

With the exception of one of the companies included in the scope, the companies acknowledged that none of the reporting templates had been subject to ratification during the data reconciliation process of 2008 and 2009.

Question 8: What are the names and addresses of your auditors in Burkina Faso? At headquarter level?

Five companies, three of them included within the scope, gave the names of their auditor in Burkina Faso. Of these, one company has CAFEC-KA as its auditor in Burkina Faso while another, outside the scope of the 2008-2009 reconciliation exercise, has KPMG as auditor at company group level.

Question 9: Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI report as per agreed EITI reporting templates and pursuant to agreed timelines?

All the companies included in the scope declared that they had disclosed all material payments to the organisation contracted to reconcile the figures, with the exception of one of the companies included within the scope which felt that the forms were too complicated and the time allowed insufficient.

Question 10: Has your company responded to queries from the organisation contracted to reconcile the figures and produce the EITI report to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?

All the companies within the scope confirmed that they had responded to the questions of the organisation recruited for data reconciliation. One company confirmed that it had had discussions with the independent Reconciler on the subject of difficulties in "defining the taxes and duties in the requested manner".

Question 11: In your opinion, are the list of the companies and the payment categories chosen for the EITI reports compliant with the EITI aims, notably in terms of materiality?

Two of the companies within the scope felt that the scope of companies and financial flows used was appropriate while a third judged it equally necessary to "take into account companies in the construction phase, gold trading agencies and semi-industrial and artisanal companies".

Question 12: Is your company satisfied with the reporting templates provided by the organisation contracted to reconcile the figures and produce the EITI report?

Two of the companies within the scope declared themselves satisfied with the reporting templates used during the data reconciliation exercises of 2008 and 2009 while a third judged them "inappropriate".

Question 13: In your opinion, are the discrepancies identified by the organisation contracted to reconcile the figures and to prepare the EITI reports acceptable?

Two companies within the scope considered the remaining discrepancies acceptable while a third considered them "difficult to account for owing to the fact that the government used a cash accounting method and the companies worked on an accrual basis".

Question 14: Is your company satisfied with the selection and the work conducted by the organisation contracted to reconcile the figures and prepare the EITI reports?

Two of the companies within the scope were satisfied with the choice of, and the work carried out by, the independent Reconciler for 2008 and 2009 while a third felt that the work had been unsatisfactory owing to "significant flows" and a lack of "effort to support and assist stakeholders" leading to "customs-related taxes and duties not taken into account due to insufficient detail" while "the sums paid by the extractive industry companies are very significant".

# R RECOMMENDATIONS

Recommendations to the Supervisory Committee and  
the Steering Committee

The recommendations listed below are based on the findings of our mission in April 2011. They are intended to improve the quality of the National Initiative.

The deadline extension granted by the Validation Committee has enabled the National Initiative to implement the majority of these recommendations.

## ✓ Recommendations to the Supervisory Committee and the Steering Committee

### • R1 – Ensure that all the capacity building actions included in the work plan are followed up – Indicator 4

The 2008-2011 work plan includes a budget of US\$331,200 to fund capacity building among “members of civil society, local communities and representatives of the State”. It appears that a significant portion of this budget has not yet been used.

#### Recommendation:

We recommend that the Steering Committee follow up the actions aimed at capacity building.

### • R2 – Complete the implementation of actions set out in the work plan, in particular implementing dissemination – Indicator 4

Certain actions of the 2008-2011 work plan have been fully implemented.

#### Recommendation:

We recommend that the Steering Committee follow up implementation of actions from the 2008-2011 work plan, especially actions concerning communications, visits to mining sites, finalisation of the 2008-2009 EITI report and dissemination of the said report.

### • R3 – Finish updating the work plan in order to include the continuation of EITI activities in Burkina Faso beyond 2011 – Indicator 4

The current work plan concludes with the final quarter of 2011. A new version is currently under discussion.

#### Recommendation:

We recommend extending the duration of the work plan to cover actions to be taken over a period of 24 months in order to allow for planning and organising actions and for finding the necessary funding, thus ensuring the sustainability of the National Initiative.

### • R4 – Extend the scope to include further companies – Indicator 9

The scope of the 2008-2009 EITI report is limited to industrial mining companies and to companies which have been in production for at least one year.

### Recommendation:

We recommend that the Steering Committee consider extending the scope of future EITI reports to:

- Companies in the research or development phase (for surface taxes)
- Companies which have been in production for less than a whole year
- Artisanal and semi-industrial companies (in 2010, three semi-industrial, artisanal companies entered into production: Epsilon Gold, Ores Resources and the Gonaba Mining Company).

## • **R5 – Limit future reconciliations to material benefit streams – Indicator 9**

The scope of the benefit streams established by the Steering Committee for the 2008-2009 EITI report included 31 taxes and duties which resulted in complicated reporting templates.

### Recommendation:

As the EITI Rules advise, we recommend that the Steering Committee consider limiting future data reconciliations to material payments on the basis of an established materiality threshold.

## • **R6 – Improve formats for the reporting templates – Indicator 9**

The 2008-2009 EITI report demonstrates the difficulties in using the reporting templates provided.

### Recommendation:

We recommend that the Steering Committee ensure that future reconciliation processes are subject to careful preparation and widespread awareness-raising among companies and government departments so that they understand and know how to use the reporting templates. It is important to add instructions for use and a glossary to the reporting templates.

## • **R7 – Ensure that possible conflicts of interest are considered during the selection of the independent Reconciler – Indicator 10**

Analysis of the self-evaluation forms of the companies involved in the 2008-2009 EITI reconciliation process (see appendix II of this Validation Report) shows that one of the four companies is audited by the independent Reconciler contracted to produce the 2008-2009 EITI report.

### Recommendation:

In order to strengthen the quality levels of future EITI reports, we recommend that the Steering Committee ensure that independence is guaranteed and that there are no potential conflicts of interest in any future recruitment processes for independent Reconcilers, in line with Suggested action 13 of the Sourcebook.

- **R8 – In future reconciliations, obtain company reporting templates ratified by auditors – Indicator 12**

We can confirm that the majority of the companies involved have their financial statements audited to international standards by an independent external auditor. This, however, does not guarantee the quality and the figures of the reporting templates.

Recommendation:

We recommend that the Steering Committee ask the companies involved in future reconciliation exercises to have their reporting templates ratified by their external auditors before submitting them to the independent Reconciler, in line with Suggested action 18 of the Sourcebook.

We understand that the company representatives interviewed do not object to this.

- **R9 – In future reconciliations, obtain a Representation letter from the government administrations – Indicator 13**

The declarations of the State relating to the revenues of 2008 and 2009 were ratified by the Directors of the different government departments and were subject to several controls in line with the Budget Review Laws. However, that does not constitute an audit.

Recommendation:

In order to strengthen the quality of the reporting templates, it would probably be useful to ask the government departments concerned to provide a Representation letter specifying the process by which the data in the reporting templates were compiled.

- **R10 – Improve company understanding of the reporting templates – Indicator 14**

The companies declared their data on an accrual basis and not on a cash accounting basis as the Steering Committee had envisaged thus limiting the quality of the reconciliation process.

Recommendation:

In order to strengthen the quality of future EITI reports, we recommend that the Steering Committee ensure that companies can be guaranteed to have fully understood the rules established for completing the reporting templates.

- **R11 – Continue dissemination of the 2008-2009 EITI report – Indicator 18**

The 2008-2009 EITI report, along with a simplified version of this report, are now available on the National Initiative website and a number of dissemination workshops have been held.

Recommendation:

We recommend that the Steering Committee continue its dissemination activities.

## • R12 – Regular reconciliation and publication of data – Indicator 18

To date, only the data from the years 2008-2009 have been the subject of a reconciliation exercise.

### Recommendation:

In order to meet the first criterion of the Sourcebook, we recommend that the Steering Committee ensure regular reconciliation and publication of data.

## • R13 – Creation of an EITI database – Indicator 20

Numerous activities have been conducted as part of EITI implementation in Burkina Faso since 2008.

### Recommendation:

We recommend that the Permanent Secretariat create a database to collect all the supporting documentation since the beginning of the Initiative, including sign up documents, decrees, minutes of the Supervisory Committee and Steering Committee, presentations at national and international seminars, etc.

This database could also contain similar documentation from other countries which have also signed up to EITI, particularly copies of Reconciliation and Validation Reports.

It would also be important to allow open access to the database for stakeholders and the public.

## • R14 – Creation of a database for the mining sector – Indicator 20

Information available on the National Initiative website at [www.itie-bf.gov.bf](http://www.itie-bf.gov.bf) is abundant. However this does not provide answers to all the questions.

### Recommendation:

We recommend that the Permanent Secretariat establish one central database to collate the main legal, fiscal, social, economic and financial information sources for the country's mining sector.

This database could include:

- Full texts of all regulatory, fiscal and social legislation in force including the Mining Code
- Economic and financial information on the key companies involved (financial statements, websites, contact details and names)

This database could also include similar documents from other countries with a mining industry.

It would also be important to allow open access to the database for stakeholders and the public.

## ● R15 – Develop the Initiative website – Indicator 20

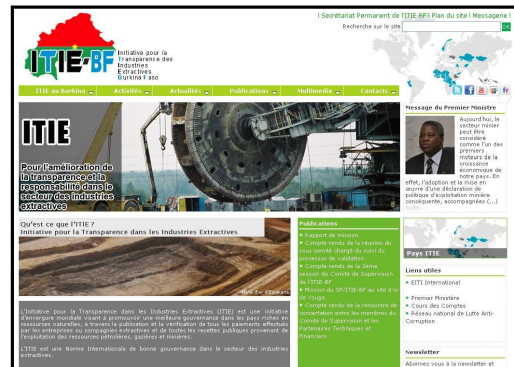
The Initiative has a website at [www.itie-bf.gov.bf](http://www.itie-bf.gov.bf) which includes:

- Legal texts relating to the establishment of the Initiative
- Minutes of the Supervisory Committee and Steering Committee, summaries of various awareness raising workshops and seminars
- The last two work plans
- Technical information on the extractive industries in Burkina Faso

However, some sections are incomplete or not entirely up to date.

### Recommendation:

We recommend that the Steering Committee ensure that each section of the site is regularly updated with seminars, international press reports about EITI, proceedings of the Steering Committee meetings, etc.



Homepage of website  
<http://www.itie-bf.gov.bf>

# EITI

Burkina Faso

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