Board decision on the Validation of Burkina Faso

Decision reference: 2018-12/BM-39
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The Board's decision

The Board came to the following decision regarding Burkina Faso's status:

Following the conclusion of Burkina Faso’s Validation, the EITI Board decides that Burkina Faso has made meaningful progress overall in implementing the EITI Standard.

The Board congratulates the Government of Burkina Faso and the Steering Committee on the progress made in improving transparency and accountability in the extractive industries in a period of political turmoil, including a popular uprising in 2014 and an abortive coup in 2015. During and following the transition period, the government has remained committed to keeping the space for civil society open and dynamic. The public administration is using the EITI to drive reforms in government systems and oversight of the mining sector. The Steering Committee continues to provide timely and reliable information to the public, including civil society, media and affected communities.

Burkina Faso has gradually expanded its EITI reporting in response to demand for more information, including on sub-national payments and local content. The Board encourages the government to explore opportunities to open EITI data and support efforts to mainstream EITI implementation by working closely with the Burkina Faso Open data initiative. The Board encourages the government and the national Steering Committee to explore opportunities to improve transparency in the artisanal mining sector and implement recommendations from the recently completed mainstreaming feasibility study.

The Board recognises Burkina Faso’s efforts to go beyond the requirements of the EITI Standard regarding civil society engagement (1.3) as well as disclosures on voluntary social payments (6.1). The Board encourages Burkina Faso to improve the internal governance of the EITI steering committee and to enhance transparency of state owned companies managing the state participation in the extractive sector. The Board also takes note of Burkina Faso’s achievements in publishing comprehensive, timely and reliable information and the government’s increased contribution to financing implementation in the country (see full assessment of EITI requirements on figure 1 below).

The Board recognizes the EITI's efforts to provide reliable data on gold production, exports, and the sector’s contribution to fiscal revenues. Stakeholders engaged in the EITI process contributed in the debate that led to the adoption of the 2015 mining code, which allows for the transfer of 1% of company turnover to a local development fund that would be managed by local committees (source). Given its tri-partite nature and trust in the process, the Board recognizes the role of the EITI Steering Committee to provide a safe space for constructive dialogue, at the central and local level and address local communities’ concerns. With respect to improved governance systems, the Board notes the elaboration of the regulations to operationalize the environmental rehabilitation fund following the publication of the first EITI report; the modernization of the mining cadastre through the implementation of a new cadastral management software; and the inter-ministerial committee for the reconciliation and validation of mining revenues collected by central government.

The Board has determined that Burkina Faso will have 18 months, i.e. until 13 August 2019 before a second Validation to carry out corrective actions regarding the requirements relating to MSG governance (1.4), and state participation (2.6) being the main area of concern. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the
second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Burkina Faso’s multi-stakeholder group may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board’s decision followed a Validation that commenced on 1 April 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG’s comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG’s comments. The final decision was taken by the EITI Board.

Background

The Government of Burkina Faso committed to implementing the EITI in 2008 and a multi-stakeholder group was created on 16 April 2008. The country was accepted as an EITI candidate on 15 May 2009, and became compliant with the 2011 EITI Rules in February 2013.

The Validation process commenced on 1 April 2017. In accordance with the Validation procedures, an initial assessment [English | French] was prepared by the International Secretariat. The Independent Validator reviewed the findings and wrote a draft Validation report [English | French]. Comments were received from the MSG on the initial assessment [French] and the draft Validation Report [French]. The Independent Validator reviewed the comments and responded to the MSG, before finalising the Validation Report [English | French].

The Validation Committee reviewed the case on 12 January 2018. Based on the findings above, the Validation Committee agreed to recommend the assessment card and corrective actions outlined below.

The Committee also agreed to recommend an overall assessment of “meaningful progress” in implementing the 2016 EITI Standard. Requirement 8.3.c. of the EITI Standard states that:

ii. Overall assessments. Pursuant to the Validation Process, the EITI Board will make an assessment of overall compliance with all requirements in the EITI Standard.

... iv. Meaningful progress. The country will be considered an EITI candidate and requested to undertake corrective actions until the second Validation.

The Validation Committee agreed to recommend a period of 18 months to undertake the corrective actions. This recommendation takes into account that the challenges identified are relatively significant and seeks to align the Validation deadline with the timetable for Burkina Faso’s 2016 and 2017 EITI Reports.

Scorecard
## EITI Requirements

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<tr>
<th>Categories</th>
<th>Requirements</th>
<th>Level of Progress</th>
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<td><strong>MSG oversight</strong></td>
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<tr>
<td></td>
<td>Government engagement (#1.1)</td>
<td>Satisfactory</td>
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<tr>
<td></td>
<td>Industry engagement (#1.2)</td>
<td>Satisfactory</td>
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<td></td>
<td>Civil society engagement (#1.3)</td>
<td>Satisfactory</td>
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<tr>
<td></td>
<td>MSG governance (#1.4)</td>
<td>Inadequate</td>
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<td></td>
<td>Workplan (#1.5)</td>
<td>No Progress</td>
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<tr>
<td><strong>Licenses and contracts</strong></td>
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<td>Legal framework (#2.1)</td>
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<td>License allocations (#2.2)</td>
<td>Inadequate</td>
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<tr>
<td></td>
<td>License register (#2.3)</td>
<td>No Progress</td>
</tr>
<tr>
<td></td>
<td>Policy on contract disclosure (#2.4)</td>
<td>Inadequate</td>
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<tr>
<td></td>
<td>Beneficial ownership (#2.5)</td>
<td>Inadequate</td>
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<tr>
<td></td>
<td>State participation (#2.6)</td>
<td>No Progress</td>
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<tr>
<td><strong>Monitoring production</strong></td>
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<td>Exploration data (#3.1)</td>
<td>Satisfactory</td>
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<td>Production data (#3.2)</td>
<td>No Progress</td>
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<td></td>
<td>Export data (#3.3)</td>
<td>No Progress</td>
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<td><strong>Revenue collection</strong></td>
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<td>Comprehensiveness (#4.1)</td>
<td>Beyond</td>
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<td>In-kind revenues (#4.2)</td>
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<td>Barter agreements (#4.3)</td>
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<td><strong>Revenue allocation</strong></td>
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<td>Distribution of revenues (#5.1)</td>
<td>Inadequate</td>
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<td>Subnational transfers (#5.2)</td>
<td>Satisfactory</td>
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<tr>
<td></td>
<td>Revenue management and expenditures (#5.3)</td>
<td>Inadequate</td>
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</table>
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13 February 2018

EITI Requirements | Level of Progress
--- | ---
**Categories** | **Requirements** | **No Progress** | **Inadequate** | **Meaningful** | **Satisfactory** | **Beyond**
Socio-economic contribution | Mandatory social expenditures (#6.1) | ❉ | ❉ | ❉ | ❉ | ❉
| SOE quasi-fiscal expenditures (#6.2) | ❉ | ❉ | ❉ | ❉ | ❉
| Economic contribution (#6.3) | ❉ | ❉ | ❉ | ❉ | ❉
Outcomes and impact | Public debate (#7.1) | ❉ | ❉ | ❉ | ❉ | ❉
| Data accessibility (#7.2) | ❉ | ❉ | ❉ | ❉ | ❉
| Follow up on recommendations (#7.3) | ❉ | ❉ | ❉ | ❉ | ❉
| Outcomes and impact of implementation (#7.4) | ❉ | ❉ | ❉ | ❉ | ❉
Overall Progress

**No progress.** All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.

**Inadequate progress.** Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.

**Meaningful progress.** Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.

**Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.

**Beyond.** The country has gone beyond the requirements.

This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.

The MSG has demonstrated that this requirement is not applicable in the country.

**Corrective actions**

The EITI Board agreed the following corrective actions to be undertaken by Burkina Faso. Progress in addressing these corrective actions will be assessed in a second Validation commencing on 13 August 2019:

1. In line with Requirement 1.4, the MSG should task each stakeholder group to clarify their internal nominations and representation procedures to improve the transparency and participation in the process. The MSG should also agree a process to ensure greater accountability of MSG representatives to the constituencies and ensure that its per diem practice is publicly codified. As a matter of urgency, the MSG should agree a clear and
formalised ToRs in line with Requirement 1.4.b. The MSG may also wish to formalise its relations with local multi-stakeholder chapters to guide developments and ensure that vibrant discussions at the local level are fed into the national MSG’s discussions.

1. In line with Requirement 1.5, the MSG should agree a work plan linked to national priorities and that is the product of wide consultation with stakeholders. The MSG is encouraged to consider how more meaningful discussions through the EITI, linking to national priorities, could encourage more active participation by all stakeholder groups.

1. In line with Requirement 2.2, the MSG should ensure comprehensive disclosure of the mining, oil and gas licenses awarded and transferred in the year(s) under review, a description of the detailed procedures for transferring mining, oil and gas licenses, including technical and financial criteria assessed, and highlight any non-trivial deviations in practice in the award and transfer of licenses in the year(s) under review.

1. In line with Requirement 2.3, the MSG should ensure comprehensive disclosure of the dates of application and license coordinates for all licenses held by material companies, if not for all extractives licenses irrespective of the license-owner’s identity. This information may be made available through government and company reporting systems as a routine feature of their management systems.

1. In line with Requirement 2.4, the MSG should encourage comprehensive disclosure on actual practice of contract disclosure in the mining sector as well as the implication of the revised government policy on contract transparency.

1. In line with Requirement 2.5, to strengthen implementation and prepare for full disclosure of beneficial ownership by 2020, it is recommended that the MSG continues to pilot beneficial ownership reporting in future EITI reporting.

1. In line with Requirement 2.6, the MSG should ensure comprehensive disclosure of the extractives companies in which the government, or any SOE, holds equity and the terms associated with this equity. It should also work with government stakeholders to clarify and document the rules and practice related to the financial relation between SOEs and the government (such as those related to retained earnings, reinvestment and third-party funding) as well as the existence of any loans or loan guarantees from the state or any SOE to companies operating in the mining sector.

1. In line with Requirement 3.2, the MSG is encouraged to comprehensively disclose production volumes and values for each mineral commodity produced in the year under review. The MSG may wish to work with relevant government entities to distinguish between official data on industrial and artisanal production. The MSG may also ensure that information on domestic prices of all minerals is published as part of routine government disclosures.

1. In line with Requirement 3.3, the MSG is encouraged to ensure comprehensive disclosure of the official figures for export volumes and values for each of the minerals exported in the year(s) under review. The MSG may also wish to distinguish between industrial and artisanal production in future disclosures.

1. In line with requirement 4.1, it is recommended that the national secretariat revise the scope and thresholds of reporting to expedite the reporting process and facilitate mainstreamed disclosures.
1. In line with requirement 4.9, the MSG may wish to liaise with key revenue collecting agencies and sector regulators to explore means of embedding disclosures of EITI-required information in routine government and company systems to ensure timelier disclosures.

1. In line with Requirement 6.3, the MSG should ensure comprehensive disclosure, in absolute and relative terms, of the extractive industries’ contribution to employment as well as an overview of informal activities, such as artisanal mining.

1. In line with Requirement 7.3, the MSG should ensure broad consultations on all recommendations from Burkina Faso’s EITI process, including Validation as a means of building stakeholder buy-in to following up on concrete reforms. The MSG should act upon lessons learned and identify, investigate and address the causes of any discrepancies in company and government reporting, establishing a clear timeframe and responsibilities for implementation of reforms. The MSG, in consultation with government stakeholders in particular, may wish to consider institutionalising its mechanisms for following up on recommendations from the EITI process, including Validation, as a means of ensuring closer attention to implementation.

The government and the National Steering Committee are encouraged to consider the other recommendations in the Validator’s Report and the International Secretariat’s initial assessment, and to document the Steering Committee’s responses to these recommendations in the next annual progress report.

News

Burkina Faso declared to have made meaningful progress with EITI Standard

The Board welcomed the resilience of EITI implementation in a context of political change

13 February 2018 - The international EITI Board today recognised Burkina Faso’s efforts to improve natural resource governance through the EITI Standard. The Board concluded that the country had made meaningful progress in meeting the EITI requirements. The Board welcomed recent reforms to improve the governance of the sector through better reporting and stronger oversight over the redistribution of revenues to local communities.

Fredrik Reinfeldt, Chair of the EITI, said:

“The government of Burkina Faso’s commitment and success in achieving transparency in the extractive sector in a period of political turmoil is admirable. I hope that the government will continue to publish this data in its own systems rather than in standalone reports.”

Resilience

Burkina Faso published its 2015 EITI Report on 30 March 2017 and the country’s Validation began on 1 April 2017. Validation is the EITI’s independent evaluation mechanism.

EITI implementation in Burkina Faso has proved resilient in the context of the 2014 uprising and the
subsequent democratic transition.

It is notable how Burkina Faso has gradually expanded its EITI reporting in response to demand for more information, including on sub-national payments and local content. The Board encouraged the government to explore opportunities to open EITI data by working closely with the Burkina Faso Open data initiative. This Initiative, one of Burkina Faso’s main objectives in its first Open Government Partnership Action Plan, aims to open public sector data. It can play a role in supporting Burkina Faso’s efforts to establish regular and systematic disclosures of EITI data.

**Civil society helping to drive the process**

The EITI Board recognised Burkina Faso’s efforts to go beyond the minimum requirement on civil society engagement. Civil society in the country not only participated fully, actively and effectively in the EITI process. It also actively promoted public debate, helping shape government policy and leads EITI implementation at the subnational level.

The Board also noted that Burkina Faso had gone beyond the minimum requirement by disclosing voluntary social expenditures of mining companies.

**Room for improvement**

While the Government of Burkina Faso has taken steps to address all the requirements of the EITI Standard, there is still room for improvement. Further efforts are needed, including on clarifying the State’s participation in the sector and in addressing gaps in MSG governance. In addition, there is potential to make progress on contract transparency with both government and companies willing to disclose, if given the tools and framework to do so.

The EITI Board decided on a set of corrective actions that Burkina Faso is required to address to meet all the requirements of the EITI Standard.

**Notes**

- **Validation** is the EITI’s independent evaluation mechanism. It assesses countries against progress made in meeting the 2016 Standard.
- See the interactive Validation scorecard for Burkina Faso here.
- See Burkina Faso’s country page here.
- See documentation for the Validation here.