“THE MOUNTAIN GAVE BIRTH TO A MOUSE”

The socio-economic impact of mining in the Kayes region of Mali
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“THE MOUNTAIN GAVE BIRTH TO A MOUSE”

The socio-economic impact of mining in the Kayes region of Mali

François Lenfant and Massaran Traoré

October 2015
About the authors

François Lenfant has extensive experience in the international development sector. He has had various positions, from funding officer to senior policy officer in different International Non-Governmental Organisations, such as Catholic Relief Services, Cordaid, Oxfam Novib and Education Development Center, in the US, Africa and the Netherlands. He is currently guest researcher at the University of Amsterdam and an independent consultant. His area of expertise is multistakeholder partnerships in fragile settings, looking specifically at the role of business in conflict transformation processes in Africa. He has published a number of articles on the topic in various scientific journals, Journal of Business Ethics, Development in Practice, and Business in Society. François holds a masters in International Development from American University in Washington, DC, and is finalising his PhD at the University of Amsterdam.

Sarr Massaran Traoré is a consultant specialised in exploring local development strategies for mining communities through the identification of growth niches. She has coordinated several community projects in Southern Mali’s gold mining areas; she was also involved in a study on the impact of mining companies’ investments as part of their social responsibility in the region of Kayes. She is currently working on a PhD on how to reconcile the issues and challenges faced by local communities and mining companies in Mali.
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Abbreviations

AGA     AngloGold Ashanti
CCM     Lime and Limestone of Mali (*Calcaires et Chaux du Mali*)
CDP     Community development project
CSCOM   Community health centre (*Centre de santé communautaire*)
CSO     Civil society organisation
CSR     Corporate social responsibility
EIG     Economic interest grouping
EITI    Extractive Industry Transparency Initiative
ESIS    Environmental and social impact study
GIZ     German Agency for International Cooperation (*Deutsche Gesellschaft für internationale Zusammenarbeit*)
NGO     Non-governmental organisation
PADI    Action and integrated development plan (*Plan d’action et de développement intégré*)
PDSEC   Social, economic and cultural development plans (*Plans de développement social, économique et cultural*)
SEMICO  Seguela gold mines company (*Société des mines d’or de Seguela*)
SEMOS   Sadiola gold mines company (*Société des mines d’or de Sadiola*)
SOMILO  Loulo mines company (*Société des mines de Loulo*)
Map of the road network and surveyed villages

Source: GPS readings of surveyed villages
Carried out by: ADTRK, June 2015

KEY
- Villages visited by the research team
- Asphalt road
- Track (not passable during the rainy season)
- Road in the process of being asphalted
- Survey area
Executive summary

This report is the product of a study on the impact of mining in the Kayes region, Mali. The aim of the study was to measure the impact of mining companies’ community investments on local populations, and the impact of mining operations on local socio-economic development and conflicts. One literature review and two comprehensive reports1 were produced as part of the study. The present report summarises the main findings and offers a series of recommendations to all stakeholders involved. In order to fully assess the impact of mining activity, the report tackles the issue from various angles, taking into account the economic dimension; the social dimension from a ‘corporate social responsibility’ (CSR)2 perspective, including in terms of social cohesion; the environmental dimension; and the issue of conflict.

Regarding the economic dimension, as of 2015, the seven companies operating in the seven mining sites in the region currently employ a total of 7,692 people (of which 7,375, or 96%, are Malian nationals). In 2014, the companies paid a total of 2,113,787,753 West African CFA francs (XOF) to local authorities and over 300 billion XOF to suppliers and subcontractors classified as local.3

The amount of tax paid by each company varies widely depending on the area of operation and type of mining activity. The three major gold mining companies – Randgold, Endeavour and AngloGold Ashanti (AGA) – that operate at the mining sites of Yatela, Sadiola, Tabakoto, Gounkoto and Loulo offer the highest number of jobs and pay full taxes, whereas the companies operating in the (non-gold) mining sites at Bafoulabé only employ a total of 280 people and are exempt from paying taxes to the local authorities as they are only at the initial stage of mining operations. The three major companies mentioned above also pay higher wages and are more heavily involved in community development than the companies at Bafoulabé.

However, the jobs and community projects on offer do not benefit all the villages affected by mining operations, and this creates tensions between communities. Moreover, most of the suppliers classified as ‘local’ would be more accurately described as ‘national’ because very few of them originate from the Kayes region, and fewer still from the communes (sub-regional areas covering a number of villages) and villages close to the mining sites. It can therefore be argued that the mines are poorly integrated into the fabric of the local economy.

Regarding the impact of community projects, the gold mining companies do appear to have been making efforts to support these projects through the allocation of annual funds, ranging from 40 million XOF (US$75,000) to 468 million XOF (US$860,000).4 Most of the mines, through their voluntary investments, do contribute to a certain improvement in the living standards of the surrounding communities. However, opinions vary in both camps when it comes to the quantity and quality of the community investments. Although the local populations and their official and traditional authorities are regularly involved, this takes the form of consultations rather than communities’ active participation in decisions that are made about the projects (for example, selecting which projects receive funding, how much, in which sector and which agency is selected for implementation). In some villages, there have been reports of partiality and cronyism on the

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1 The first report covers “The impact of community investments of mining companies in the region” and the second is on “The impact of mining operations on socio economic development”.
3 These figures were obtained and compiled during the research from email correspondences with the companies.
4 This was the rate in Mali at the time.
part of certain local councillors. Most of the projects could be characterised as philanthropic since they do not address the structural causes of poverty and exclusion, which lie at the root of many conflicts. Some projects create even more conflict, with certain funded initiatives creating disputes between communities because they favour certain villages or groups over others. Indeed, the jobs and community projects are not equally accessible to all members of the community, do not benefit all villages affected by mining operations, and their socio-economic benefits are not always sustainable.

In addition, both industrial and artisanal or small-scale mining (known as orpaillage in French) activities have had negative consequences for society at large. These include overpopulation and school dropout, as the appeal of mining jobs lures young people away from education, as well as an increase in food and commodities prices and falling moral standards. As young people give up farming in search of mining jobs and more mining titles are awarded, agricultural land is increasingly abandoned, leading to a drop in agricultural production. Although this study did not carry out scientific research into the environmental impact of mining, the overwhelming public opinion is that industrial and artisanal mining damages the environment, thus harming the population; for example, through the loss of flora, damage caused to roads, use of groundwater sources, stagnation of sludge tanks containing sewage and toxic wastewater (cesspits), use of toxic substances and pollution of the air. In general, the mining companies are aware of the negative impact of their operations and say that the sites are being rehabilitated.

On the whole, similar views were expressed within each of the three respondents’ groups (regional and decentralised state authorities, residents of villages on or near mining sites and mining companies), with opinion being divided by ‘sector’ rather than by location. Community members tend to criticise the fact that not only has mining been of little or no benefit to them, but that also they have suffered its adverse consequences. The authorities also admit that gold does not exactly “shine” for Mali. Furthermore, mining has revealed poor functioning within state institutions and weaknesses in the system of decentralisation as the decentralised government entities do not have the necessary skills and capacity to apply the various provisions of the Mining Code. Regional and local authorities have insufficient staff, funding and information to properly monitor mining activity. Mining companies have a diametrically opposite point of view. Companies are essentially convinced that they are contributing to the country’s development by creating jobs, paying taxes and funding community projects. Given the current strained context, the ideal solution would be to reconcile the various points of view and draw up a strategy for the effective management and equitable distribution of the revenue and wealth generated by mining, to ensure that it contributes to sustainable, inclusive, peaceful socio-economic development of the areas affected, the region and the country as a whole.

Below are a number of general recommendations emerging from the analysis of mining operations in the Kayes region, directed at all parties:

- A useful method of defusing the current negative atmosphere would be to hold forums where all stakeholders involved in mining can engage in discussion and dialogue. As part of these efforts, capacity-building could be provided to improve the listening and communication skills of all stakeholders. The forums should be based on the notion that the Malian subsoil belongs to Mali and its benefits must be shared in a fair, transparent and equitable manner with the entire population at every level (local, regional and national). The equitable distribution of resources and profits generated by mining relates just as much to taxes, duties and levies as it does to jobs, suppliers and community development projects (CDPs). All stakeholders (civil society, companies and government) have a role to play in improving transparency including through engaging with the Extractive Industry Transparency Initiative (EITI).

- The concepts of ‘co-creation’ and value sharing should be developed, based on the principle that all stakeholders share joint responsibility for Mali’s development. This means that
companies must acknowledge that their social responsibility goes beyond reducing their negative impact and should compel them to contribute to sustainable development in Mali, in partnership with all relevant parties including local authorities and civil society organisations (CSOs). It also means that companies need to improve their management and knowledge of mining-related issues, fully understanding the context in which they are operating, and increase their sensitivity to the potential conflicts that their operations could trigger.

- Authorities, civil society and donors should encourage mining companies to adopt the notion of overall social responsibility, which encompasses all activities carried out by the companies and all their related consequences for society.

- All stakeholders, whether from government, civil society or the private sector, should understand that sustainable development can only be achieved through change, which inevitably needs to deal with conflicts of interest and power struggles.

The following are more practical recommendations directed at specific stakeholders:

**Recommendations for mining companies**

- Collect and manage reliable statistics on where employees are from, to solve the thorny issue of 'local' employment; for unskilled jobs, incorporate all villages affected by mining operations and design a system through which a list can be drawn up and shared with stakeholders in a transparent manner, allowing affected communities to provide inputs.

- Build community resilience by contributing to job creation outside of the mining sector. As part of these efforts, the Loulo-Gounkoto mining complex initiative to set up an agribusiness centre could be replicated. Identify and support agribusiness projects based on high-potential value chains.

- Make efforts to buy ‘locally’ by ensuring that a high percentage of procurements is outsourced locally and build capacity of local entrepreneurs (including women entrepreneurs). Fully assess the obstacles faced by local suppliers when attempting to enter the supply chain, then work with communities, civil society and government to overcome these obstacles.

- Incorporate CSR policies into local social, economic and cultural development plans (plans de développement social, économique et cultural, PDSEC) to ensure that local priorities are better taken into account and projects are financed accordingly, in line with the 2012 Mining Code. Encourage companies that operate under the provisions of the 1991 and 1999 Mining Codes to do the same. Pay attention to and get involved in development policy and other activities outside the context of community projects; for example, by finding ways to reduce corruption and/or more effectively channel tax revenue towards relevant economic and social projects.

- Focus on impact rather than solely on the number of funded projects or amounts disbursed, carry out and publish impact assessments of CDPs, and focus on the quality rather than quantity of activities.

- Regarding community consultations, shift from simple ‘consultation’ to ‘effective, authentic, representative and inclusive participation’ of all communities, ensuring women take part in decision-making, including on issues relating to land compensation. Acknowledge that the outcomes of consultations may differ from the desired results.
• Find ways to bypass corrupt local councillors who are liable to obstruct the smooth running of projects, and avoid conflicts of interest.

• Form alliances with local, national and international non-governmental organisations (NGOs) to ensure that a) CDPs are well designed and managed, and b) projects are sensitive to conflict and gender dynamics.

Recommendations for local authorities

• Evaluate the implementation of the 2012 Mining Code and adherence to international mining standards.

• Revise the rules for awarding mining titles; adopt a more inclusive and integrated approach between different state technical departments as well as communities and local authorities.

• Analyse the issue of artisanal and small-scale mining in a participatory, inclusive manner, with a view to achieving peaceful coexistence between the different types of mining (both artisanal and industrial).

• Improve coordination between the various services operating on the ground.

• Provide training to government representatives to enable them to effectively support and advise regional municipal governments, ensure that legal and regulatory texts on mining are disseminated and explained in an accessible format, and monitor the operations of industrial mining companies and artisanal miners.

• Reform the way in which industrial mining revenue is distributed and ensure that regional authorities receive a larger portion of central revenue, while also supporting initiatives designed to reinforce good governance of regional municipal governments.

• Ensure that the requirement to publish the annual administrative account is implemented. Reinforce accountability mechanisms for the management of funds raised by regional municipal governments through mining activity, particularly in the case of business taxes, for example, by submitting annual accounts, with a particular focus on business taxes and how they are used.

• Establish a framework for dialogue with all stakeholders so as to create synergy between the advocacy work carried out by regional authorities with central government (concerning the withholding of business tax revenue) and mining companies (boosting socio-economic investment, preventing and mitigating the negative effects of mining). The research team was informed that the local authorities were creating a ‘network of mining regions’. The involvement of the German Agency for International Cooperation (GIZ) could help boost this initiative, which could improve governance of mining resources in the Kayes region.

Recommendations for GIZ

• Support constructive dialogue with mining companies by encouraging them to ensure that their CDPs fall within the scope of the local communes’ overall development plans. GIZ can use its experience to improve support for such dialogue, in collaboration with PACT or other NGOs in the Kayes region that have a good understanding of the subject matter and local areas.
Recommendations for village communities and traditional authorities

- Build community resilience to mitigate the negative effects of mining operations by building organisational capacity in communities and helping them to better monitor government action, understand legislative and regulatory texts relating to mining, gain access to sources of funding to promote intensive family farming and carry out other income-generating activities.

- Establish a robust mediation system to reduce and prevent tensions between communities and mining companies.

- Hold local councillors and state representatives accountable for the consequences of mining, for example by forming groups within and between villages or working through existing organisations (such as the youth group in Selinkégny) to communicate with local government.

Recommendations for CSOs

- Build the capacity of CSOs to act as social mediators between mining companies and village communities so as to help prevent and manage mining-related conflicts in a non-violent way, particularly in relation to disputes between artisanal miners and mining companies and among different villages.

- Build the capacity of CSOs to monitor the actions of the government, with a view to ensuring the traceability of state and municipal revenue generated by mining companies. Provide training and support to legal advisers so that they can help communities to protect and defend their rights when dealing with mining activity.
1. Introduction

Sustainable development has not yet taken off in Mali, as indicated by its ranking of 176th out of 187 countries in the United Nations Human Development Index. In the current post-conflict situation, depending on how the extractive industry is governed and managed, its impact on the wellbeing of populations could either further damage peacebuilding efforts or play a major role in improving stability in the country. The aim of this study, sponsored by GIZ and coordinated by International Alert, is to gain a better understanding of mining issues in the Kayes region, Mali, by measuring: a) the impact of community investments made by mining companies in the region, and b) the impact of mining on local socio-economic development.

The study focused on industrial rather than artisanal mining, and while the issue of artisanal mining did come into play as it is carried out within the boundaries of industrial mining sites, a genuine study of artisanal mining would require an alternative approach with different tools. This report contains a summary of the results of the study and a series of recommendations for all the stakeholders involved. To measure the impact of community investments and mining on local socio-economic development, we worked on the basis of the Organisation for Economic Co-operation and Development (OECD) definition of ‘impact’ as the “positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended”.

While the present report mainly focuses on the mining industry’s contribution, or lack thereof, to local socio-economic development, it also addresses issues of social cohesion, the environment and conflict to offer a comprehensive analysis of the impact of mining activity on sustainable socio-economic development in the broad sense of the term.

The project drew a distinction between activities carried out by companies as part of their basic operations (those classified as ‘core business’, meaning employing staff, paying tax and using suppliers) and those designed to contribute to local development (usually called ‘community development projects’, CDPs) as part of companies’ CSR obligations. While this distinction is useful for categorising and analysing the various activities undertaken by the mining companies, it is less so for assessing the overall impact of the mining industry on society. Indeed, the European Union’s definition of CSR as “companies taking responsibility for their impact on society” does not distinguish between CDPs and companies’ operational activities. We have taken this broad interpretation of CSR into account throughout our presentation of the data analysis.

The study was carried out in partnership with representatives of Malian civil society and academia, and the report also draws on the literature review that was written at the beginning of the study and discussed at a methodology workshop held in Bamako in mid-March 2015. The review, a summarised and analytical overview of previously published documents on the issue of the mining industry in the Kayes region, served as a point of reference for the rest of the project.

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2. Methodology

The study was conducted using primary and secondary research methods, and qualitative and quantitative data. In terms of secondary research, the first stage of the project involved a review of existing literature on the subject. This review, which was discussed at the methodology workshop, identified certain gaps, which then formed particular points of focus during the field study. In terms of primary research, the data collection methods used included semi-structured interviews, observations and group discussions. The target groups of the study were mining companies in the Kayes region (managing companies and subcontractors), communities in the mining areas (village councils, elders, young people and women), CSOs (with specialist knowledge on the subject), administrative and governmental authorities, and a number of individuals and organisations with specialist knowledge of the issue of mining in Mali.

2.1 Basic underlying principles of the study

The study was conducted using participatory survey methods and care was taken to follow an approach based on a combination of research, action, capacity-building and community awareness-raising. The researchers were thus required to combine two key factors: rigorous methodology and ‘awareness-raising’ among populations.

As far as possible – and despite the difficult working conditions related to the season of the year – the team took care to enter data into the specially designed forms and tables on a regular basis. These documents kept track of each dimension of the study: the economic, the community project, the social cohesion, the environmental and the conflict. A total of 86 semi-structured interviews were held with 26 mining company officials, 12 experts and members of civil society, and 48 representatives of administrative authorities. Thirty group discussions were held in 16 villages, involving a total of 463 people (228 women and 235 men). A questionnaire covering all dimensions of the project was created for the individual interviews and a guidebook was written for the group discussions.

A methodology workshop was held in Bamako on 16 and 17 March 2015 to share experiences and information on the topic of the study, agree on the overall methodology, and fine-tune and approve the research tools to be used (i.e. questionnaire and group discussion guidebook). Following the methodology workshop, the multidisciplinary team of six researchers (including lawyers, sociologists, political scientists and economists) started work on the study on 18 March in collaboration with the national government departments based in Bamako. Between 22 March and 3 April, the team travelled to the Kayes region and visited the Bafoulabé, Yatela, Sadiola, Loulo, Gounkoto and Tabakoto sites. The findings were reported to GIZ once the team had returned to Bamako. Then in May, feedback was given to the communities visited and a press conference was held.

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8 This study can be obtained from International Alert.
9 The gaps mainly related to: data on tax paid to local authorities, data on community investments, data on total national revenue (tax revenue and dividends), data on employment by geographical areas and information on subcontractor companies.
10 In some villages, the authorities were not happy with the local people being asked certain questions that they considered to be ‘subversive’.
2.2 Sampling

The research team used a mixed method, which combined both targeted and semi-targeted sampling while including a random element in the selection of sites to visit. For the semi-structured interviews with key individuals, subjects were selected based on their skills and specialist knowledge of mining issues in Mali, as well as their availability. Generally speaking, targeted sampling ensures that respondents are knowledgeable and reliable, while random sampling offers a more general perspective. The team held interviews with regional authorities (administrative authorities, technical departments), decentralised authorities (regional council, cercle [sub-regional] councils and commune councils), and government ministries in charge of issuing contracts. This allowed the team to assess to what extent the various entities cooperated with one another and how well (or badly) they functioned. To identify the 16 villages and communities where the group discussions would be held, a list was drawn up of all the villages affected by mining. The team took a random sample following a preliminary selection stage based on three criteria: a) the villages must be in a safe area; b) two out of three villages must be located in the vicinity of a mine (within a maximum 10 kilometre radius);11 and c) the organisation responsible for logistics (Kayes regional development agency [Agence de Développement territorial en région de Kayes, ADTRK]) must ‘know’ the villages to facilitate the task of making contacts and promote a climate of trust. Having ensured that the villages fit the specified criteria, the lead researcher randomly selected the following villages: on the Bafoulabé site, the villages of Bafoulabé and Selinkégny; on the Sadiola site: Brokoné, Farabacouta and Kakadian; on the Yatela site: Yatela, Kouloukéto and Babala; on the Loulo site: Sitakily, Djidjan and Baboto; on the Gounkoto site: Kounda and Mahinamine; and finally on the Tabakoto site: Mouralia, Djibourouya and Kassama.

2.3 Limitations of the study and difficulties encountered

The following is a list of the study’s limitations and measures taken to remedy them:

- Considering the tense atmosphere around the issue of mining, the responses given by the various stakeholder groups interviewed may have lacked objectivity. The researchers did their best to use triangulation to verify the accuracy of the facts reported.

- In some villages, the researchers found that people were reluctant or even hostile when asked certain questions that they considered sensitive.

- Certain key stakeholders (such as local councillors and administrative bodies) that played a crucial role in local mining issues were not present when the study was conducted (the mayor of Sadiola, for example, was not interviewed).

- The study is ‘exploratory’ in nature, which explains why certain data were not verified. While some aspects were investigated in depth (such as tax and employment), others were only addressed in a cursory fashion (such as environmental impact) and could not be verified. In addition, time constraints meant that only a small number of CDPs could be visited.

- In general, evaluating the impact of mining in the absence of a solid baseline study, control group and longitudinal data means that measuring progress over the course of a number of years is quite an arduous task, hence the exploratory nature of the study.

- The dry season, high temperatures and precarious nature of some of the accommodation made the work of the research team rather strenuous.

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11 The third village selected was further away than the other two. This was done to ensure that a comparative analysis could be made between the villages directly affected and the villages located further away from mining sites.
• The multidisciplinary nature of the research team and the fact that certain researchers had prior knowledge of mining issues in Mali were both an advantage and a disadvantage. It is possible that certain data were collected and analysed with a certain bias. Nonetheless, the lead researcher strived to ensure that team members were as objective as possible when collecting and analysing data.

• Although the research tools were discussed and fine-tuned at the workshop, there was no time to test them. The first interviews in Bamako therefore served as de facto tests and allowed the team to make a few modifications to the questionnaire.

• Throughout each stage of the study, the gender dimension was not sufficiently taken into consideration. There was only one woman on the team. Nonetheless, discussions were held with all-female groups and gender-specific data were collected. In future, the gender factor will be taken into account at all phases of the study, from design of research tools and data collection to analysis and report writing.
3. Presentation and analysis of the results

3.1 General overview of the mining sector in Mali and the Kayes region

The mining sector (in both gold and other minerals) contributes significantly to the Malian economy. In 2012, for example, mining generated 228.1 billion XOF out of a total budget revenue of 813.3 billion XOF, thus representing over 28%, and the mining sector accounted for 8% of gross domestic product. In terms of exports, the mining sector represented 68% of total export value (964 billion of a total 1,419 billion XOF). Lastly, to illustrate how much a single company contributes to the national economy, the following figures speak for themselves: Loulo mines company (Société des mines de Loulo, SOMILO) (one of the largest of the five major gold mining companies operating in the Kayes region) has contributed 1,059 billion XOF to the national economy since its establishment in 2014. This figure includes tax on the sale of gold; general taxes, fees and levies related to mining operations; customs duties; payment of salaries; funding of community projects; donations to the government; and procurement from national companies. There are currently nine mining sites operating in the country, five of which are in Kayes (managed by five purpose-created companies, of which most of the capital is owned by three multinational firms, namely Randgold Resources, Endeavour and AGA, and the Malian state). Another company, Iamgold, operates on a more modest scale and carries out only research activities, although it is also a shareholder in two mining sites, Yatela and Sadiola. The companies operating at Bafoulabé (which do not engage in gold mining but instead work in the quarries) are Stone SA (part of IBI Group SA), Diamond (which belongs to WACEM – West African Cement) and Calcaires et Chaux du Mali (Lime and Limestone of Mali, CCM). These three companies are not listed on the stock exchange, do not have websites and divulge very little information, so it is difficult to compare them with the three major gold mining companies.

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12 Note that the year 2012 is not used as a reference; it was simply the most recent year for which figures were available.
13 Presentation by former minister Abou-Bakar Traoré, Mali Retombées de l’Économie minière sur l’Économie Nationale (Impact of the mining economy on the national economy), 2013
14 Figures from the balance sheet provided during an interview at the Direction nationale de la Géologie et des Mines (National Directorate for Geology and Mines) in Bamako.
15 Figures provided by Somilo (Randgold) during a presentation in their premises, 2 April 2015
16 Iamgold recently bought AGA’s shares in Sadiola to continue the project and turn the mine into an underground mine.
3.2 Overview of gold mining companies

Map of Kayes region

- **Villages hosting mining industries**
- **Commune with a mining site**
- **Survey area**
- **Commune boundaries**

Source: GPS readings of surveyed villages
Carried out by: ADTRK, June 2015
Table 1: General overview of companies

<table>
<thead>
<tr>
<th>Mine/company</th>
<th>Managing/parent company</th>
<th>Country of origin</th>
<th>Turnover of the parent company (in millions of USD)</th>
<th>Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yatela / Yatela SA</td>
<td>AGA</td>
<td>South Africa</td>
<td>5,708</td>
<td>Iamgold (40%) AGA (40%) State (20%)</td>
</tr>
<tr>
<td>Sadiola / SEMOS SA</td>
<td>AGA</td>
<td>South Africa</td>
<td>5,708</td>
<td>Iamgold (41%) AGA (41%) State (18%)</td>
</tr>
<tr>
<td>Tabakoto / SEMICO SA</td>
<td>Endeavour</td>
<td>Canada</td>
<td>583</td>
<td>État (20%) Endeavour (80%)</td>
</tr>
<tr>
<td>Loulo / SOMILO SA</td>
<td>Randgold Resources</td>
<td>South Africa</td>
<td>1,086</td>
<td>Randgold (80%) State (20%)</td>
</tr>
<tr>
<td>Gounkoto / Gounkoto SA</td>
<td>Randgold Resources</td>
<td>South Africa</td>
<td>1,086</td>
<td>Randgold (80%) State (20%)</td>
</tr>
</tbody>
</table>

The most recently published financial reports reveal that AGA has a total revenue of US$6 billion, of which over a third (US$2.1 billion) comes from continental Africa (excluding South Africa), where AGA operates in six countries (Guinea, Democratic Republic of Congo, Ghana, Tanzania, Namibia and Mali). AGA's revenue from Africa including South Africa amounts to US$3.9 billion, with the rest generated in Australia and the Americas. Endeavour’s total revenue at the end of 2014 amounted to US$583 million. Endeavour also operates in three other African countries: Ghana, Côte d’Ivoire and Burkina Faso. Randgold, the third biggest ‘major’ company, had a turnover of US$1 billion and made profits of US$271 million for the 2014 financial year.

3.3 Analysis of the socio-economic impact of mining companies

To measure the socio-economic impact of mining companies in the Kayes region, we divided the mining companies’ contribution to economic and social development into four main areas: jobs, payment of taxes and duties, use of local suppliers and voluntary CDPs.

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### 3.3.1 Jobs

#### Table 2: Distribution of jobs offered by mining companies in the Kayes region in 2015

<table>
<thead>
<tr>
<th>Enterprise/Site</th>
<th>Jobs directly with the mining company</th>
<th>Jobs with (mining) subcontractors</th>
<th>Malian senior staff (cat B and higher)</th>
<th>Total jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diamond (Bafoulabé)</td>
<td>130 permanent staff</td>
<td>-</td>
<td>90 Malian nationals, 40 expats (all Indian)</td>
<td>130 + 300 dayworkers depending on requirements</td>
</tr>
<tr>
<td>Stone (Bafoulabé)</td>
<td>150 (414 permanent staff, one fixed-term staff); includes 134 specialist manual workers and 16 administrative staff</td>
<td>-</td>
<td>147 Malian nationals, three expats (two Togolese and one Chinese). Of the 147 Malians, three are senior executives</td>
<td>150 + 10* dayworkers depending on requirements</td>
</tr>
<tr>
<td>CCM**</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SEMOS SA (AGA Sadiola)</td>
<td>929, of which 852 are permanent staff (Malian nationals), 45 fixed-term staff and 32 expats</td>
<td>739</td>
<td>314 senior staff</td>
<td>1,668</td>
</tr>
<tr>
<td>SEMOS SA (AGA, Yatela)</td>
<td>236, of which 224 are permanent staff, four fixed-term staff and eight expats</td>
<td>197</td>
<td>-</td>
<td>433</td>
</tr>
<tr>
<td>SEMICO SA (Endeavour Tabakoto)</td>
<td>1,432, of which 159 are expats</td>
<td>285</td>
<td>143 Malian senior staff (categories A, B and HC)</td>
<td>1,717</td>
</tr>
<tr>
<td>SOMILO SA (Randgold Loulo) + Gounkoto</td>
<td>1,472 (Loulo) + 151 (Gounkoto) = 1,623, of which 75 are expats; 1,096 are permanent staff and 527 fixed-term staff ***</td>
<td>2,251</td>
<td>-</td>
<td>3,874</td>
</tr>
</tbody>
</table>

Like many companies in the initial phase of operation, Stone and Diamond often employ dayworkers. Stone reported that it used 10 dayworkers per day (for a maximum period of one year).

** The company, which is at the initial phase of its operations, was unable to meet the research team.

*** Figures as of 31 December 2014.

As shown in Table 2 above, there is a notable difference between the number of jobs created by Diamond and Stone in Bafoulabé (280 jobs) and the number created at the five sites in the south of Kayes (Sadiola, Yatela, Loulo, Gounkoto, Tabakoto) (7,692 jobs). The reason for this difference is that the two companies in Bafoulabé went into operation relatively recently (2011 and 2012 respectively) and are yet to enter the mass production phase. Among the major gold mining sites, there is also a stark difference between the Sadiola and Yatela mines on one hand (Yatela is winding down, soon to close, and Sadiola is downsizing), and the Loulo-Gounkoto complex (which is going through a phase of growth). The type and number of jobs on offer depends heavily on the phase that the mine is going through; many unskilled manual workers are needed during the construction phase, following which the mining companies need skilled workers to operate the machines. A distinction must also be made between jobs at the companies themselves and those at the subcontractors. On the Loulo-Gounkoto site, managed by Randgold, more jobs are provided by the subcontractor companies than have been created by Randgold itself (2,251 versus 1,623). In the Kayes region, mining jobs (at Sadiola gold mines company [Société des mines d’or de Sadiola, SEMOS], Yatela, Gounkoto, Seguela gold mines company [Société des mines d’or de Seguela, SEMICO]-Tamico, and SOMILO, and their subcontractors) over the past five years were distributed as shown in Table 3:

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19 Figures obtained from companies during the study.
20 The third company, CCM, went into operation just recently and carries out very few activities. We were unable to organise a meeting with this company.
Table 3: Distribution of jobs at gold mining companies and subcontractors, 2009–2014

<table>
<thead>
<tr>
<th>Enterprise/Site</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEMOS SA (AGA Sadiola)</td>
<td>1,912</td>
<td>2,105</td>
<td>2,134</td>
<td>2,223</td>
<td>1,668</td>
</tr>
<tr>
<td>Yatela SA (AGA, Yatela)</td>
<td>843</td>
<td>858</td>
<td>980</td>
<td>1,058</td>
<td>433</td>
</tr>
<tr>
<td>SEMICO-Tamico SA (Endeavour Tabakoto)</td>
<td>1,037</td>
<td>1,465</td>
<td>2,235</td>
<td>1,795</td>
<td>1,717</td>
</tr>
<tr>
<td>SOMILO SA (Randgold, Loulo)</td>
<td>2,434</td>
<td>2,607</td>
<td>2,619</td>
<td>3,069</td>
<td>3,874</td>
</tr>
<tr>
<td>Gounkoto SA (Randgold, Gounkoto)</td>
<td></td>
<td>1,067</td>
<td>1,242</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,226</td>
<td>7,035</td>
<td>9,035</td>
<td>9,387</td>
<td>7,692</td>
</tr>
</tbody>
</table>

* 2013 figures were not available

Aside from the jobs generated directly by the mine (working at the managing companies and subcontractor companies), it is also worth taking into account the ‘spinoff’ (indirect) employment, such as the jobs created in restaurants, small businesses, the informal economy or market gardening activities as a result of the growing population. Although this category of employment was not researched in depth because of the exploratory nature of the study, it is worth taking into account. Jobs linked to economic interest groupings (EIGs) (groupements d’intérêt économique – a type of resource-pooling business partnership) are usually related to site maintenance, hygiene or security and thus also fall into this category of spinoff employment.

**Local recruitment**

In most cases (with the exceptions of Diamond and Stone), unskilled employment is managed by recruitment committees, which are made up of local figures of responsibility in the commune (mayor, village leaders, in some cases the prefect) and deal with recruitment using quotas that have been negotiated with the mine. For each village, a list of unskilled workers is drawn up. These lists are often disputed; they are either badly compiled (in a non-transparent manner so that people are listed despite not originally coming from the village), or are simply disregarded. It seems that, for some time now, SOMILO has been the only company to collect data on the origin of its employees and use lists of unskilled workforce that have been compiled transparently for each individual village and approved by the villagers. Figures on local employment tend to be disputed by all parties, which shows how important the issue of jobs is.

**Wages**

Generally speaking, wages paid by the managing companies (and to a lesser extent by the subcontractors) are, on average, three times higher than those stipulated in the mining agreement. This means that, Stone and Diamond aside, the three major gold mining companies have helped to raise income levels, with the result of people who work for the mines being “reasonably well-off”.

**Working conditions**

Here again a distinction must be drawn between working conditions at the three major gold mining companies on one hand and Stone and Diamond on the other. The three major gold mining companies offer similar working conditions: housing subsidies, partial or full health cover, meal subsidies and transport subsidies. In the case of Stone and Diamond, it was observed...
that Stone seemed to offer a number of social benefits to its employees (such as free transport), while Diamond, according to comments made at the group discussions with villagers, provides poor working conditions.25

**Training**
In general, the mining companies hold very few structured training courses. With the exception of SEMOS, very few companies have firm policies on knowledge transfer, which could otherwise be a helpful way of re-training workers when one mine closes down. The only training sessions held on a regular basis are those on health, safety and the environment.

Regarding employment of women, the study concluded that the mining industry employs few women, as shown by the following figures:

- 48 women (four of whom are expatriates) out of a total 929 employees (5%) at Sadiola;
- 50 women out of 1,432 employees (3.5%) at Tabakoto; and
- 80 women out of 1,623 employees (5%) at Loulo.

Most women employed at mining sites work in general service jobs, for example in cooking, cleaning or medical support. A number of women also work in administrative posts at offices in Bamako and in geology departments. According to some of the comments heard, the reason that few women are employed in mining can be explained by the arduous nature of the work, which is heavily physical for unskilled workers. In addition, employees at mining companies are usually required to relocate to mining sites, which would be difficult for women in the context of Malian society. The power relationships between men and women are rooted in tradition, as Rosander underlined in 2004: “In Mali, male domination is presented and experienced as an immutable religious and social fact, which makes it difficult to try to change or implement a reform policy.”26 This issue of low representation of women is illustrative of the overall jobs market in Mali, where not many economically active women are employed in the formal sector.

Although women do not benefit a great deal through direct employment from the mines, it should be noted that they do receive technical and financial support from some companies towards income-generating activities and other types of economic regeneration, such as market gardening, soap manufacturing and literacy, as part of funding for CDPs (see below). Nonetheless, such opportunities do not generally lead to the creation of jobs that provide a regular, sustainable income for the women concerned. In fact, this type of assistance helps to perpetuate the role of women as the main actors in the informal economy, which rarely leads to an improvement in their socio-economic situation.

Generally speaking, the local population’s expectations for employment have not been met. As shown in Table 3, 7,692 formal jobs have been created in a region with a total population of around two million, the majority of which are unemployed young people. This situation breeds a great deal of resentment and disillusion among the young men and women who have not been given a job. Moreover, recruiting (local) unskilled workers often creates problems and fosters envy, which encourages the cronist practices of local elected representatives. Job distribution among the villages is unequal, and there is a wide gap between a minority of people who are employed by the mine and benefit from a well-paid job and very decent working conditions, and the vast majority of people who live in severe deprivation, exacerbated by price inflation.

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25 Employees at Diamond Cement have to pay 4,000 XOF per month for transport, 12,000 for accommodation at the mining site, 14,000 for safety shoes (paid in instalments of 3,000 per month for four-and-a-half months), 3,500 for a safety belt, 1,500 for gloves and 3,000 for helmets.

26 Quote translated from E. Rosander, Profil des rapports entre genres au Mali – Vers l’équité et l’égalité entre genres au Mali (Profile of gender relations in Mali – Towards Equity and gender equality in Mali), Stockholm: Agence Suédoise De Coopération Internationale Au Développement (ASDI), 2004
3.3.2 Taxes

The business tax, the amount of local taxation paid back to local authorities, is distributed as follows: 60% is allocated to the communes, 25% to the cercles and 15% to the regions. Diamond, Stone and CCM are exempt from having to pay business tax because their operations are still at an initial phase. The figures below include business tax, road tax and the Chamber of Commerce tax, the three main taxes that are paid to local authorities (business tax represents more than 85% of the total).

Table 4: Amount (in XOF) paid by the five gold mining companies, 2012–2014

<table>
<thead>
<tr>
<th>Company</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Site/area</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEMOS SA (AGA Sadiola)</td>
<td>511,964,558***</td>
<td>543,569,778*</td>
<td>503,573,449*</td>
<td>Sadiola (Sadiola commune)</td>
</tr>
<tr>
<td>Yatela SA (AGA, Yatela)</td>
<td>295,756,623*</td>
<td>296,946,271*</td>
<td>298,235,297*</td>
<td>Yatela (Sadiola commune)</td>
</tr>
<tr>
<td>SEMICO SA (Endeavour)</td>
<td>190,903,903**</td>
<td>315,244,622*</td>
<td>315,244,622*</td>
<td>Tabakoto (Sitakily commune)</td>
</tr>
<tr>
<td>SOMILO SA (Randgold Loulo)</td>
<td>789,758,417*</td>
<td>479,542,571*</td>
<td>718,454,689*</td>
<td>Loulo (Sitakily commune)</td>
</tr>
<tr>
<td>Gounkoto SA (Randgold, Gounkoto)</td>
<td>-</td>
<td>278,279,696*</td>
<td>****</td>
<td>Gounkoto (Kéniéba commune)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,635,303,242</td>
<td>2,113,787,753</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Figures given by the companies, confirmed by the Kayes regional tax department.
** At the time, SEMICO was called Tamboura Mining and paid taxes to the Kéniéba commune.
*** Represents 462,361,004 XOF for SEMOS’s activities in Sadiola and 49,603,554 XOF for SEMOS’s activities in Diamou.
**** First business tax payment following end of the exemption. Represents business tax payable for seven months of operations.

As shown in Table 4, in 2014, for the five sites studied, the three large mining companies paid 2,113,787,753 XOF in business tax. This was 91% of the total 2,321,555,279 XOF of business tax collected. This figure reveals the importance of industrial mining for local authorities. However, business tax only represents a small proportion of the other taxes, duties, levies and social security contributions that companies pay. For example, in 2013, SOMILO paid 73.3 billion XOF in taxes, customs duties and other charges to the state, while paying only 479 million XOF in business tax, which represents 0.7% of the total amount paid. On average, annual business tax varies between 1% and 4% of the taxes, duties, levies and other social security contributions paid by mining companies, which shows just how little actually ends up being paid to local authorities.

Table 5 was drawn up to try to establish a correlation between the taxes that are paid by the companies to the national treasury (and are supposed to be redistributed to local authorities) and the amounts actually received by local authorities. The figures were provided verbally by mayors or tax collectors (in contrast with those of most of the companies, which provided accounting documents and copies of cheques), and as a result they are not 100% reliable. The team endeavoured, insofar as possible, to cross-check them against data provided by other contributors. Although the aim of the study was not to reconcile amounts paid by businesses and those received by the various local authorities, Table 5 gives an overview of the amounts received by local authorities in XOF.

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27 Part of the VAT of this amount is recoverable. Figures provided by the company.
Table 5: Amounts (in XOF) received by local authorities (except Bafoulabé)

<table>
<thead>
<tr>
<th>Commune</th>
<th>Total business tax received in 2013</th>
<th>Total business tax received in 2014</th>
<th>% of the total budget (2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sadiola</td>
<td>-</td>
<td>503 million*</td>
<td>80%</td>
</tr>
<tr>
<td>Sitakily</td>
<td>Between 400 and 500 million*</td>
<td>Between 500 million* and 1.4 billion****</td>
<td>-</td>
</tr>
<tr>
<td>Kéniéba Cercle</td>
<td>-</td>
<td>288 million***</td>
<td>60%</td>
</tr>
<tr>
<td>Région Kayes</td>
<td>-</td>
<td>200 million**</td>
<td>10%</td>
</tr>
</tbody>
</table>

* Figure quoted during interviews with the mayor and in various discussion groups.
** Figure quoted by the general secretary.
*** Figure quoted by the treasurer for the cercle.
**** Unconfirmed figure given by different participants.

Tables 4 and 5 show that some communes receive high amounts due to the presence of businesses in their area. There is also a difference between the amounts paid by businesses and those received by local councils. This difference is particularly visible in Sitakily, where the figures given were 500 million XOF (council) or more than one billion XOF (participants from other state departments). The team did not have access to Sitakily’s accounts but it did receive figures from the council in Sadiola, where 80% of total revenue comes from business tax revenues. In 2014, Sadiola’s budget was 632,918,288 XOF. Business taxes paid by the mines amounted to 503,312,416 XOF. Operating expenditure represented 508,296,769 XOF (80% of the total), while capital expenditure was equivalent to 123,644,110 XOF. With the exception of a few cases (such as Djibourouya), there were no refunds or repayments following implementation of the budget. In most cases, villagers are not told how much the local council receives and spends.

To conclude this part of the study on taxes, the following comments made by a tax official in Kéniéba perfectly illustrate the challenge faced by the country:

“There is too much of a gap between what the state receives as revenue from mining and the resulting economic, social and environmental damage. These companies contribute around 20% to the country’s economy, which is little when compared with the harm caused to society and development.”

Moreover, as we noted earlier, the amount of income from mining paid back to local authorities is small when compared with what the state receives centrally. The business tax paid to local authorities is a local tax that is not specific to the mining sector. The central state keeps 100% of national mining revenue, because there is no redistribution mechanism. Finally, we turn to the impact of this income on living conditions in villages close to the mines. Here the study noted that due to a lack of transparency from some local authorities, which demonstrates their lack of public accountability, it is extremely difficult to objectively judge whether funds received have been used to improve the welfare of the local people.
### 3.3.3 Subcontractors/national and local suppliers

#### Table 6: General overview of subcontractors and suppliers

<table>
<thead>
<tr>
<th>Company</th>
<th>Subcontractor (mining)</th>
<th>Supplier (non-mining)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEMOS (AGA)</td>
<td>SFTP (regional), Moolmans (Mali), Boart Longyear (inter) national, BME (Mali), SFTP (Kayes)</td>
<td>Fruit and vegetables; EIG + tax and legal advice</td>
<td>Provided training and credit to local organisations for equipment supply. Spent 110 billion XOF in 2014 on purchases from ‘local’ businesses.</td>
</tr>
<tr>
<td>SEMICO (Endeavour)</td>
<td>SFTP (regional); Enicor, Shell (international); Hyspec, BME, FORACO, ALS; RMS</td>
<td>Eight market garden cooperatives + tax and legal advice</td>
<td>Spent 110 billion XOF in 2014 on purchases from ‘local’ businesses.</td>
</tr>
<tr>
<td>SOMILO/Gounkoto (Randgold)</td>
<td>SFTP (regional), Ben &amp; Co (national), African Underground Mining Services (inter) national, Boart Longyear (Mali), SAER, MAXAM, UPS, Empire Falémé, Hyspec</td>
<td>Afrilog Mali; Air Liquide Maligaz, Woodturning and sheet metal workshop, EGTF, Établissement Adama Sidibe, Food &amp; Events Africa; Manutention Africaine Mali; Points Machines; Shell Mali; SNIAF + tax and legal advice + purchases cement from Diamond</td>
<td>Spent 186 billion XOF in 2014 on purchases from around 200 ‘local’ businesses.</td>
</tr>
<tr>
<td>Stone</td>
<td>Security; Sogesba (security guards); small businesses; machine repair is carried out in Kayes; Diallo (sand)</td>
<td></td>
<td>Most of its suppliers are in Bamako. The heavy equipment (catalysts, accelerators) is purchased in China.</td>
</tr>
<tr>
<td>Diamond</td>
<td>Security; DG5 (direction de génie et sécurité); Diallo (sand); transport: Société Balla Foamed Falana et fils</td>
<td></td>
<td>Buys very little locally (even for fruit and vegetables). Diamond provides cement for the Loulo mine.</td>
</tr>
</tbody>
</table>

The study drew a distinction between the **subcontractors** (operators working directly inside the mine or at the site) and the **suppliers** (off-site operators). The subcontractors are primarily (inter) national and regional companies, such as drilling, blasting, excavation, and diesel and mineral transportation companies. For example, SEMOS uses Longyear (a specialist Canadian drilling company), Moolmans Ita (a Malian specialist excavation company, based in Bamako), BME (a Malian company specialising in explosives) and SFTP (a regional company based in Kayes specialising in mineral transport and other construction activities, see below).

Regarding the suppliers, local companies are hired to provide foodstuffs, hardware supplies, local transport for staff, catering, soap processing, plastics manufacturing and several other activities contracted out to EIGs. Some companies (SEMOS, Stone) would like to have more local suppliers to “reduce transport costs”, but complain of the poor quality of the products provided. By way of example, locally manufactured security clothing was not fit-for-purpose and SEMOS workers complained about it. The clothing was then imported from South Africa.

In 2014, 36% of SEMOS expenditure was in Mali (excluding Total Mali SA). Including Total Mali SA (which provides fuel) increases national expenditure to 70% of the total. Total expenditure in 2014 was estimated to be 110 billion XOF. The majority of expenditure classified by the companies as ‘local’ is in fact regional (in Kayes) or national (in Bamako) and does not often involve local businesses. In 2014, SOMILO made 186 billion XOF worth of purchases from businesses considered as ‘local’. Of the 186 billion XOF, one company (African Underground Mining Services) based in Bamako and a subsidiary of a large Australian mining group received

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29 The companies do not distinguish between the 'local' and 'national' level.
30 Information about figures and supplier companies should not be made public.
However, the figures hide a gloomier reality. The principal suppliers and subcontractors are not ‘local’, but rather national or international. With the exception of some examples that have boosted the local economy, such as an increase in carpentry jobs in Mahinamine31 or sand supplies in Bafoulabé, there is little integration of the mining companies in the economic fabric of surrounding villages. If one excludes SFTP (the only regional subcontractor), economic activity in the villages as a result of the mines relates to low-added-value activities (catering, local transport, supply of fruit and vegetables, and small-scale commerce). While some companies have made efforts to use or stimulate local business, their full potential is not being sufficiently harnessed.

### 3.3.4 Impact of CDPs

As part of their CSR policies, mining companies carry out development projects with the aim of benefiting local communities. The new 2012 Mining Code introduced a requirement for there to be a community development plan (plan de développement communautaire), developed in consultation with regional communities and authorities. So far, however, only the Gounkoto mine, which opened in 2012, has met this requirement.

Generally, most of the mining companies (except those in Bafoulabé) implement their social investment plans in consultation with the deputy prefect, the mayor, village leaders, women’s and youth representatives, and business representatives. To give an idea of the focus of the CSR policy of each company surveyed, Table 7 gives an overview of community investments.

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31 Interview in Mahinamine, 1 April 2015
Table 7: Community investments in the 2014 financial year

<table>
<thead>
<tr>
<th>Companies</th>
<th>Nature of the investments</th>
<th>Amount in XOF</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEMOS (AGA)*</td>
<td>Donations</td>
<td>36,313,808</td>
</tr>
<tr>
<td></td>
<td>Accident compensation</td>
<td>32,682,427</td>
</tr>
<tr>
<td></td>
<td>Equipment hire</td>
<td>6,906,805</td>
</tr>
<tr>
<td></td>
<td>External consultants</td>
<td>11,800,000</td>
</tr>
<tr>
<td></td>
<td>Socio-economic studies</td>
<td>45,803,021</td>
</tr>
<tr>
<td></td>
<td>Outreach</td>
<td>15,267,674</td>
</tr>
<tr>
<td></td>
<td>Youth scheme</td>
<td>11,874,859</td>
</tr>
<tr>
<td></td>
<td>Art, culture and heritage</td>
<td>847,240</td>
</tr>
<tr>
<td></td>
<td>Environment</td>
<td>1,270,983</td>
</tr>
<tr>
<td></td>
<td>Public health</td>
<td>6,354,914</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>169,121,730</td>
</tr>
<tr>
<td>SEMOS (AGA) Action and integrated development plan (PADI)</td>
<td>232,896,600</td>
<td></td>
</tr>
<tr>
<td>Loulo** (Randgold)</td>
<td>Drinking water</td>
<td>14,328,460</td>
</tr>
<tr>
<td></td>
<td>Basic education</td>
<td>39,368,173</td>
</tr>
<tr>
<td></td>
<td>Basic health</td>
<td>12,572,010</td>
</tr>
<tr>
<td></td>
<td>Agriculture/agribusiness</td>
<td>13,491,470</td>
</tr>
<tr>
<td></td>
<td>Economic development</td>
<td>15,246,615</td>
</tr>
<tr>
<td></td>
<td>Meetings</td>
<td>12,525,000</td>
</tr>
<tr>
<td></td>
<td>Art/culture</td>
<td>12,263,668</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>123,795,396</td>
</tr>
<tr>
<td>Gounkoto (Randgold)</td>
<td>Drinking water</td>
<td>45,110,000</td>
</tr>
<tr>
<td></td>
<td>Basic education</td>
<td>52,985,356</td>
</tr>
<tr>
<td></td>
<td>Basic health</td>
<td>15,007,540</td>
</tr>
<tr>
<td></td>
<td>Agriculture/agribusiness</td>
<td>218,470,739</td>
</tr>
<tr>
<td></td>
<td>Community development</td>
<td>4,550,000</td>
</tr>
<tr>
<td></td>
<td>Meetings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Infrastructure (road)</td>
<td>89,629,114</td>
</tr>
<tr>
<td></td>
<td>Art/culture/sport/outreach</td>
<td>20,360,126</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>446,112,875</td>
</tr>
<tr>
<td>SEMICO (Endeavour)</td>
<td>Water conveyance/drilling</td>
<td>75,40,000</td>
</tr>
<tr>
<td></td>
<td>Income-generating activities</td>
<td>10,982,500</td>
</tr>
<tr>
<td></td>
<td>Improving access (track and police station fence)</td>
<td>49,878,500</td>
</tr>
<tr>
<td></td>
<td>Education (school construction)</td>
<td>46,000,000</td>
</tr>
<tr>
<td></td>
<td>Health (Ebola awareness-raising)</td>
<td>1,044,000</td>
</tr>
<tr>
<td></td>
<td>Culture/sacrifices</td>
<td>4,700,000</td>
</tr>
<tr>
<td></td>
<td>Donations/meetings</td>
<td>7,955,000</td>
</tr>
<tr>
<td></td>
<td>Market gardening</td>
<td>40,512,500</td>
</tr>
<tr>
<td></td>
<td>Koffi community development</td>
<td>17,295,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>207,767,500</td>
</tr>
<tr>
<td>Diamond</td>
<td>Infrastructure, refurbishing police station</td>
<td>40,000,000 (unconfirmed)</td>
</tr>
<tr>
<td>Stone</td>
<td>Donations, drilling</td>
<td>?</td>
</tr>
</tbody>
</table>

* Montants fournis par la SEMOS, juin 2015, en USD convertis au taux de 590 FCFA pour 1 USD
** Les chiffres fournis par l’entreprise étaient quelque peu contradictoires.
It is clear that community investment is mainly geared towards improving infrastructure, basic education, health, agriculture, access to drinking water and income-generating activities. In addition to the investments set out above, which show the preferred sectors and amounts allocated in 2014, it is worth mentioning other community achievements funded by the companies over the last 15 years (by sector).

In terms of access to drinking water, SOMILO fitted 41 boreholes. As part of the action and integrated development plan (Plan d’action et de développement intégré, PADI) (see below), SEMOS built micro-dams, a borehole and seven wide-diameter wells for market gardening. In education, the Loulo-Gounkoto mining complex built 50% of school infrastructure in the communes, in the form of 33 classrooms. The Kéniéba high school was renovated and the computing room was equipped with 10 computers with accessories. Around 60 teachers and 765 pupils were trained in basic computing skills. The Sadiola commune had only three schools before SEMOS arrived. Now it has 28, including 19 secondary schools. In health, we noted that medical consultations have been provided free-of-charge and that Loulo village recently received a new government-managed health centre. In terms of agricultural investment, the Loulo complex started an agribusiness project, which aims to train 100 young people and develop 200 hectares of land. In addition, seven villages each received a tractor. Regarding culture, some companies have installed fencing around cemeteries (in Loulo), built new mosques (in Loulo and Gounkoto) and have carried out propitiatory sacrifices intended to ensure the productivity of the (new) sites. Further, the companies are funding some road infrastructure and public service equipment. Endeavour and Diamond funded the building and rehabilitation of security posts. The market in Sadiola was built by SEMOS, and Kassama village, a fair distance from the Tabakoto mine, received financial backing from Endeavour to build part of the road between Kassama and Kéniéba.

The PADI set up by SEMOS to manage local commune development projects and the agribusiness scheme being developed by SOMILO represent two interesting examples, which are explained below.

**Example of an agribusiness scheme**

The mining complex invested approximately US$280,000 (around 140,000,000 XOF) to build a new agribusiness training centre on a five-hectare site. The centre is intended to remain open after the mines have closed. Every year the centre must train 100 local inhabitants in livestock rearing, poultry and fish farming, market gardening, business management and agricultural techniques. The Malian agro-pastoral company Tambaroua Business Farming will provide the training and graduates will have access to funding to set up their own businesses. Young people in Kéniéba, including those involved in artisanal and small-scale mining, have high expectations for the project and hope in time to become farmers and to be able to supply the mines.

SEMICO operates a similar capacity-building project focused on skills for female market gardeners and on how to set up a cooperative. In 2014, the company purchased a total of 3.5 million XOF worth of market gardening products for eight women’s cooperatives. This type of initiative is particularly praiseworthy, as it seems to include a gender and capacity-building dimension, and enables members of cooperatives and other established structures to generate income.
Example of a PADI

The PADI is a SEMOS initiative to establish an integrated development process in the villages affected by mining in Sadiola and Yatela. The structure has an operating budget included in SEMOS’s accounts. The PADI’s main aims are to implement sustainable development projects that are able to survive following the closure of the Sadiola and Yatela mines. The PADI comprises the following bodies:

- the general assembly comprising 51 village representatives (three members of 17 target villages);
- the deputy prefect as a government representative; and
- councillors from the commune, SEMOS/Yatela representatives and other stakeholders.

The mayor of Sadiola commune chairs the management board. The management board is made up of eight members, including: one SEMOS/Yatela representative, the mayor, the deputy prefect, one representative of the village leaders, one women’s representative, one youth representative and one civil society representative. Eight staff members work full-time to implement the programme.

Despite some interesting achievements (10 micro-dams; dozens of water standpoints; 10 market gardens for women; easier access to microfinance and training courses for poultry farmers, aimed at introducing new breeds), the PADI seems beset by a number of problems. For example, none of the dams visited by the team of researchers works in the dry season. The microfinance initiative ended in a misappropriation of funds, which led to suspension of the programme. The wells dry up before the first signs of winter, and those farmers who received training on new breeds of poultry have not been able to manage the new production system. In short, the majority of the projects did not deliver sustainable solutions to local problems.

Clear lessons can be drawn from the PADI. First, despite SEMOS’s clear determination to involve local communities and authorities and to avoid rolling out CDPs unilaterally, many of the activities delivered by the PADI have not had the desired results. Second, the main reasons for the PADI’s shortcomings are poor management and the involvement of local councillors in the management committee. The councillors often abuse their power to decide almost unilaterally which projects will be funded and which local business will be involved in implementing the project. Third, it is clear that the established coordination structures do not provide a suitable framework for dialogue among the different interested parties, but rather serve as a platform to legitimise the interests of some local councillors. Not only have a considerable number of the projects funded by the PADI failed, but also others have sparked disputes within villages. In Kakadian, for example, a cart that was supposed to be used to transport agricultural goods to market was given to one family rather than to all villagers, which caused friction among women in the village.

All in all, while it is undeniable that some investments have had relatively positive effects on education, access to drinking water and basic health services in the beneficiary areas, more in-depth analysis of such investments leads us to draw the following conclusions:

- Some of these projects could be qualified as ‘self-interested’. For example, building a fence around the police station (like Diamond and SEMICO did) allows the company to ensure it will benefit from police services in the case of a strike or security problems. The propitiatory sacrifices, which fall under community development, could also be viewed negatively, as these investments make it easier to obtain a social licence to operate. This type of project, while appreciated by traditional leaders, does not contribute to integrated local development. In other cases, businesses (such as Stone) use companies within their own group to carry out drilling activities. Moreover, investments in road building might also be considered as serving the interests of the companies (even though communities benefit from them as well).
• Much of the investment is related to infrastructure (in other words, hardware) rather than to activities geared towards building leadership skills, promoting empowerment, or building capacity or resilience.

• Some villages and communes (as explained below) are favoured at the expense of others. Sadiola and Sitakily communes, for example, have benefited from significant investment from the mining companies in the areas of education, health, water supply and economic development.

• The companies tend to focus on quantity (such as the number of dams built, roads paved and schools built) rather than on the results or impact of the projects (for example, whether people actually get access to water, whether the water is of good quality, or the impact of water on community welfare).

• Populations are not sufficiently involved in decision-making and project implementation. Despite the establishment of consultation structures, the impression given is that populations are consulted but do not participate in an effective way. This flawed participation is often the source of conflict and misunderstandings between the mining companies on the one hand and the communities, which are not well informed or truly represented, on the other.

• Development projects funded by the companies do not sufficiently take into account local political issues and suffer from a lack of awareness of the conflicts that they might trigger.

• Most of the company-funded projects do not fall under the PDSEC drawn up by the communes. With some exceptions, such as SOMILO, which finances a part of the PDSEC, projects are not designed and executed in coordination with local authorities.

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33 Each company has a consultation framework, chaired by the prefect or deputy prefect, on which company representatives, youth representatives, representatives of women’s groups, the council and leaders of villages affected by the mine sit. We do not have precise information on appointment procedures for members, how representative they are, the extent of any restitutions to the communities, decision-making processes, project monitoring or how construction contracts are awarded. The study simply noted that, in many cases, the council representatives and villagers were not satisfied with how these frameworks operated. It appears that the participants speak but do not listen to one another.
3.4 Impact of mining activity on social cohesion, the environment and conflict

3.4.1 Impact on social cohesion and social change

Map of population flows towards mining and gold mining sites

The issue of mining impact on social cohesion featured heavily in the group discussions with village representatives. This impact can be divided into different categories: overpopulation, price increases, the abandonment of rural land and falling moral standards. Some of the comments were as follows: “Here, we have nothing but dust” (Sadiola), “We have lost a generation of young people” (Yatela), and “The mine does not have any positive impact, it only brings misfortune. That project is finished and we are not pinning any more of our hopes on it” (Baboto).
As the villagers see it, the presence of the mine has brought a stop to farming and encouraged school dropouts and idleness among young people, who have failed to find jobs. The appeal of the mine caused overpopulation, which then triggered widespread price increases (see below), health problems and a breakdown of the social fabric. Regarding overpopulation, in 2005, Kéniéba had around 60,000 inhabitants. It is now estimated to be home to 200,000.34 In Baboto, the number of households has increased from 170 in 2000 to 304 in 2015. This overpopulation has led to unchecked growth in the number of bars and other premises serving alcohol, resulting in high alcohol and drug consumption; an increase in road traffic accidents; more divorces and higher numbers of unwanted pregnancies; not to mention higher crime levels and a lack of public safety, which particularly affects women. Cases of rape and violence against women were reported, particularly in Brokoné and Baboto. Discussion participants mentioned a “lack of control over [their] daughters who visit villages next to the factory”35 and referred to the fact that “there are many young mothers who have been abandoned by the miners in [their] villages”.36 These accounts make plain the turmoil experienced by populations that do not know how to deal with destructive social change. Generally, these social changes are the result of the allure of mining – both industrial and artisanal – and cannot be blamed on the company itself.

The mining operations have also taken away vast expanses of farmland and caused a shortage of grazing land. Workers are leaving the fields for industrial mines, or artisanal and small-scale mining. In many communes, a reduction in field surface areas (which is also due to the proliferation of mining titles) leads to shortages in agricultural production and a lack of food self-sufficiency, further exacerbated by the rising price of some basic foodstuffs. Moreover, researchers heard of numerous cases in which land had been expropriated without compensation. In many villages, compensation for land was “insufficient”, although some accounts seemed to indicate that it was in fact adequate.37 Some factors behind inadequate compensation for land include a general lack of awareness among the local population, a shortage of legal documentation relating to agricultural land ownership and the fact that the experts tasked with settling compensation issues are often paid by the companies. The committees set up to provide compensation for land grabbed by the mining companies have also been criticised for their lack of legitimacy and inability (or lack of determination) to defend the interests of those dispossessed of their land. The overpopulation referred to above has also brought about a significant increase in prices, generating friction within communities.

3.4.2 Environmental impact

The issue of the environmental impact of mining highlights the dysfunction of the state and the dichotomy between the views of the villagers and those of the company. Broadly speaking, the companies acknowledge that they contribute to some environmental harm and commit to repairing it in line with environmental and social impact studies (ESISs). However, all of the villagers interviewed expressed their dissatisfaction regarding the environmental disruption caused by both industrial and artisanal mining. The exploitation of mining resources results in the destruction of flora, the worsening of road and soil conditions, use of groundwater sources, stagnation of cesspits, an increase in the presence of toxic products and air pollution.38 These environmental impacts reduce agricultural yields and can have an effect on health.

Villagers at the vast majority of the group discussions also mentioned this negative impact on the environment and on people’s health. For example, in Bafoulabé, the villagers referred to the death of a large number of birds, which was not followed up despite complaints from local institutions.

34 Discussion with the Kéniéba council, 1 April 2015
35 Discussion with women in Bafoulabé, 23 March 2015
36 Discussion with women in Mahinamine, 1 April 2015
37 Compensation above the statutory amount has been reported in Loulo.
38 Harmful effects mentioned by the DACPN in Kéniéba, 31 March 2015
Contaminated water was mentioned frequently. In Kouloukéto, researchers heard the following report:

“Before the mine was here we drank water from the wells, which was safe. Today, there is no more drinking water. There are even doubts about the quality of water from the water network. People leave the village to get water in Sadiola.”

In Mouralia, locals are concerned by stagnating water in the nearby cesspit and by the presence of old wells dug by small-scale miners that are used by villagers. The problem of (poor) water quality, the exact cause of which is not known, is a subject of disagreement between the various parties involved in mining. In Sadiola, for instance, the CSCOM maintains, on the basis of regular tests, that water quality is high. The environment remains a source of contention between the mining companies and the villagers and local government. There is disagreement with regard to some of the figures collected and environmental studies conducted. While some state technical departments maintain that liquid waste from the various factories does not have a negative impact on water quality or that the use of mercury has no effect on water quality, the villagers and some government authorities are not convinced. For example, according to the prefect in Kéniéba,

“the mining and water companies try to reassure people that the water they are drinking is not polluted. However, people remain sceptical given the widespread use of toxic products by mining companies. Mining companies dig as deep as 700 metres, which risks contaminating the water table.”

Lastly, villagers also mentioned the following additional harmful effects caused by mining: the disappearance of fish in some bodies of water close to the mines (in Baboto), foul smells and the loss of fields (in Bambou), the fact that wild animals have moved away (in Kassama), the destruction of flora and fauna (in Brokoné) and cracks appearing in houses (in Farabacouta).

Although the Mining Code makes the granting of a licence subject to an environmental and social study (which provides for measures to be taken to mitigate any harmful effects), these measures are not always implemented. Moreover, surrounding villages and state technical departments, which are supposed to carry out checks, tend not to be aware of the impact studies, making it difficult for the same departments to carry out their checks as they have no reference framework. Most of the technical departments interviewed mentioned the lack of availability of these documents as a problem. For example, the research team was told that, “the miners say that the studies are about them and that the ministry should make them available. I’ve been here for 10 years and I’ve never seen an ESIS report”. One engineer referred to the issue of funding for impact studies:

39 Discussion with the village council and young people in Balaba, 28 March 2015
40 Discussion with Sadiola CSCOM, 27 March 2015
41 Discussion with the village council in Kouloukéto, 28 March 2015
42 All parties agree that artisanal mining contributes to the deterioration of the environment and health. The proximity of artisanal mines means that it is difficult to pinpoint the source of pollution.
43 Discussion with Sadiola CSCOM, 27 March 2015
44 Discussion with the prefect of Kéniéba, 2 April 2015
45 Discussion with the Kéniéba DACPN, 31 March 2015
46 Discussion with the Kayes DRACPN, 25 March 2015
“For follow-up and environmental monitoring, the mining company pays into a specific fund at the national treasury. This fund is divided into two parts: 55% is used for environmental and social studies and 45% for follow-up work. The fund is insufficiently financed and its proceeds have never been made available locally.”47

Furthermore, consultants are recruited to carry out the studies and the approval process is unsatisfactory:

“Even though the sanitation department is involved in the approval process for the ESIS reports, it all happens in Bamako within the inter-ministerial environmental monitoring committee. The regional sanitation department is involved in public consultations but does not receive the approved reports.”48

The state’s incompetence is summed up by these words of a state engineer:

“The mine’s experts are better equipped and trained than state officials. We can visit and say that there is pollution but we cannot say at what level or what the critical level is. We cannot say that the mine has exceeded the acceptable threshold and that the air is polluted. It is they who train us. You would expect the state to resource itself appropriately so that it can carry out cross-checks. We do not have the technical resources to get second opinions. We haven’t received training. Since I joined the civil service, I haven’t received any updated training; I haven’t attended any training courses.”

The state’s incompetence, evident in its lack of ability as well as financial and logistical resources, was confirmed by most of the technical departments visited. By way of example, the DACPN (Direction Assainissement et du Contrôle de la Pollution et des Nuisances) engineering department in Kayes has only “one sanitation officer for 271 villages (including 13 communes) covering 20,250 square kilometres and 15,265 concessions”.49 The government departments do not have technical monitoring tools and are therefore limited to carrying out observation.50

3.4.3 Impact on conflict(s)

Mining can intensify pre-existing conflicts and create new ones around issues such as: two-speed development, land title conflicts, employment disputes, and disputes related to artisanal and small-scale mining. Regarding two-speed development, the socio-economic model developed around mines might be qualified as exclusive. It contributes to the creation of enclaves or islands of prosperity (the mines), which arouse jealousy among those living in the surrounding area, who are the ones who suffer the harmful effects (breakdown of social structures, environmental decline). While some villages have benefited from the presence of mines (through increased numbers of health centres and schools), the mines have, often involuntarily and unintentionally, contributed to social breakdown in other villages.

In addition, it was noted that the three large gold mining companies recruit few unskilled workers and do not make community investments in all the villages of the communes in which they operate. For example, Endeavour works in 21 villages across two communes (Sitakily and Kényéba, which include a total of 41 villages); SOMILO works in 13 villages (seven for the Loulo mine and six for the Gounkoto mine); and SEMOS works in 17 villages (through the PADI development scheme). Generally, these villages, which one might call ‘investment villages’, are selected depending on

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47 Discussion with the Kényéba Direction Nationale de l’Assainissement et du Contrôle des Pollutions et des Nuisances (DNACPN), 31 March 2015. Percentages provided by the study participants, without further details of the bases for such figures (55% and 45%).
48 Discussion with the Kayes DACPN, 25 March 2015
49 Discussion with the Bafoulabé DACPN engineering department, 23 March 2015
50 Ibid; it is important to stress that there is a specific fund for environmental monitoring within the national treasury.
their proximity to the mine and their position with respect to the road used by the mineral-transporting lorries. The arguments advanced by the companies vary between “those who suffer the harmful effects such as the noise and the dust should benefit from these projects” and “we want to establish good neighbourly relations”. Nevertheless, it is undeniable that the choice of villages is a source of enormous tension within communities because some villages feel neglected in comparison to others. Djibourouya, for example, is not home to any staff employed at the mine and does not receive any community support, whereas other villages (such as Sadiola, Loulo and Djidjan) are home to up to 50 employed staff and have received considerable community development aid. Half of the local unskilled jobs at SOMILO’s Loulo and Gounkoto sites are filled by inhabitants of three villages (Loulo, Kéniéba and Djidjan), out a total of 13 investment villages. In Sadiola, the company-funded CDPs are focused on the main village in the commune, at the expense of other villages. Villages that do not receive voluntary aid from the mines are dependent on municipal investments by the commune.

This issue of two-speed development is closely linked to employment and more specifically to recruitment methods. In Sadiola, an employment-related dispute has in the past led to deaths. More recently, the Tabakoto site was taken over by young people from the village, preventing workers from entering the mine. The recruitment committees lack legitimacy, their members are often corrupt and the lists of ‘employable’ staff are rarely approved. “Council irregularities” were mentioned again and again. In Kassama, it was reported that local recruitment officers in the Sitakily communes make job seekers sign undertakings to pay 100,000 XOF, or the first two months of their salary, to be kept. In Sadiola, SEMOS agreed with the village authorities that, for each recruitment drive for unskilled labour, the community has to provide 50% of the vacancies. “The mine fulfils its commitment. The mayor decides whom to recruit in consultation with the commune office and the young population. People do not always agree with this arrangement and it often sparks protests.”

The issue of land and land title disputes was mentioned in all the villages, and was especially given prominence in Kéniéba. The state allocates mining titles without informing local authorities, while the local council issues licences for artisanal and small-scale mining to individuals. Disputes often arise between holders of these licences and the holders of mining titles issued by the Geology and Mines Department, which also claims that it has a legal right to clear others off its land. In Kéniéba, all the plots of land have been sold and there is no more land available for farming. Likewise, land title disputes have arisen between villages, such as the ones between Djibourouya, Koffi and Beteya, and between Mouralia and Kassama. The dispute between Djibourouya and Koffi and Beteya is linked to land ownership on a site sought by the mining industry.

The other two villages claimed their rights to the land, which was part of Djibourouya municipal land. As a result of this disagreement, added to which was an issue of the legitimacy of the village leader, the mine decided not to pursue operations at the site and stopped recruiting labour from the Djibourouya village. Since this dispute, Djibourouya has not been a part of the consultation framework covering the neighbouring villages. Regarding the dispute between Mouralia and Kassama, the mine had given 500,000 XOF to Mouralia for ‘sacrifices’, while Kassama claimed that it had customary ownership of the lands that were the subject of the sacrifices. According to senior village figures, the mine does not even recognise the existence of Kassama as a holder of the customary land rights. In both cases, the companies stirred up latent conflicts instead of helping to resolve them.

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51 Information given by Randgold at a presentation of its operations, 1 April 2015
52 Kakadian focus group, 28 March 2015
53 Yatela focus group, 28 March 2015
54 Kassama focus group, 1 April 2015
55 Interview with a local councillor for Sadiola council, 27 March 2015
Likewise, artisanal and small-scale mining is a source of tension between the government and citizens, and between small-scale miners and the larger mines. Despite an action plan, which was recently adopted by the authorities and aims to regulate artisanal and small-scale mining and secure mining titles, many of the participants interviewed had doubts about its basis and feasibility. One of the pillars of the plan is the creation of artisanal and small-scale mining corridors to clearly mark out the area within which small-scale miners are allowed to operate. In some sites, corridors have already been identified and monitoring has been carried out to regulate the activity and collect taxes. The greatest criticism of these corridors is the lack of gold inside them. It is worth noting that traditional artisanal mining is a legal state-recognised activity, which is very common in some villages, such as Djibourouya. For some, the small-scale mines are pockets of crime, operated by lawbreakers who pollute the environment and contribute nothing to the state. However, others see artisanal and small-scale mining as a manual activity, passed down through the generations, which is a source of revenue for those abandoned by the state and without formal employment. Artisanal and small-scale mining villages are often built on mining titles, resulting in coexistence issues. In this regard, the second pillar of the action plan, based on safeguarding mining titles, made it lawful for the police to intervene on some sites and, in some cases, led to violent arrests. Comments such as “we would prefer to die there rather than abandon the site” and “the miners came to kill us and take our places” show the explosive situation between small-scale miners, authorities and holders of mining titles.

56 In Djibourouya, like in other small-scale gold mining villages, the artisanal miners club together to build schools.
57 Beteya and Koffi were small-scale gold mining sites where more than 1,000 people worked. In 2012 these sites were taken off the artisanal miners and handed to the holders of mining titles. Discussion with Djibourouya council, 30 March 2015
58 Discussion with the chair of the women’s group, Mahinamine, 1 April 2015
4. Conclusion

This study on the impact of mining in the Kayes region has highlighted the fraught relations among mining companies, villages and state institutions, as well as among villages and within the administration. As indicated throughout the report, positions are divided, figures are disputed and there is a climate of distrust. In this delicate context, quantitative and qualitative research has sought to uncover the facts related to the mining industry and to analyse them as systematically and objectively as possible. Without repeating all of the figures and results obtained, we recap below some key information by way of conclusion.

First and foremost, villagers and, to a lesser extent, state institutions are very critical of the mining industry. As was repeated in a number of interviews, “gold does not shine for all Malians”. The majority of the villagers who took part in the study were disappointed, even disillusioned, because they have received none or few of the benefits of mining, despite suffering its negative consequences (environmental decline and social breakdown). Since they had pinned their hopes of a better future on the mine, it is natural that they blame it for all their problems. As one discussion participant in Bafoulabé said, “the mountain gave birth to a mouse”. On the other hand, the companies state that they have made significant efforts and are sorry that they are not appreciated. They employ staff from neighbouring villages, they pay local and national taxes, and they implement or fund CDPs. However, in a context of acute poverty, disputes, and state incompetence and disinterest, the companies have not been able to meet the villagers’ expectations. Further, despite laudable intentions to contribute to community development, the projects funded by the companies could be characterised as philanthropic (because they do not address the structural causes of poverty in the region), rather than a genuine contribution to local development; they are not always implemented efficiently (lack of demonstrable impact) and are not systematically designed or executed in an inclusive way. In a tense context, the companies are not sensitive to these issues and do not realise the conflicts that their operations often cause. The study heard reports of numerous cases of disputes stemming from an unequal distribution of jobs and development projects offered by the mines.

On the whole, the mining issue highlights how dysfunctional the state and its representatives really are and symbolises the limits of decentralisation. The central state offloads the problems by ‘outsourcing’ them, without giving local authorities the means to resolve them. Study participants mentioned a lack of information, reliable data and relevant tools to stimulate territorial knowledge and coordination; a shortage of municipal staff dedicated to local development; vague compliance with legal requirements; inefficient public management; and a lack of coordination and cohesion among development projects. In many cases, the state is the source of the problem as it fails to clarify the applicability of legislation and the hierarchy of different laws (customary and legislative law, particularly with regard to land), and does not make the legal documents that regulate mining, such as the Mining Code or impact studies, available to state technical departments or decentralised authorities. Moreover, the corruption of some mayors and local councillors and the cronyist practices suffered by the villagers are major obstacles to proper redistribution of mining resources. In a sense, the general impression that emerges from the study is that some local councillors keep local people in the dark and turn them against the companies to exonerate themselves of any responsibility amidst abundant examples of poor management and corruption. The companies’ responsibility might be called into question; while they are aware of the corruption, they consider the mayors, as elected officials, to be legitimate intermediaries.

59 The law on the integration of customary land into public land was passed and adopted in 2000, but it has not yet been implemented. The government has not yet issued an implementing decree.
The mining industry represents a centrist development model, to the disadvantage of all those on the outside, in which most of the resources generated serve to fill the state coffers in Bamako. Likewise, the industry reveals the non-existent or limited legitimacy both of institutions (at local, regional and national level), and of mayors and many village leaders whose authority is being challenged. The state’s rationale is that it wants to issue as many titles as possible as quickly as possible in order to collect income as soon as possible, which spawns disputes between different parties. Good governance is an illusion. A sense of civic duty is not entrenched in people’s minds, and relations between the state and citizens or between those who govern and those who are governed are more strained than ever before. The various stakeholders (villagers, companies and administrative authorities) speak but do not listen to each other. In this context, it is high time to change attitudes and behaviours, both individual and collective, and to inject new energy into citizenship and good governance at all levels of the country.

Although the links between the extractive industries and development and socio-economic stability vary according to the context, Alert notes the following with regard to the situation in other African countries in which it operates in the extractive industries sector (particularly mining, oil and gas):

- The capacity of some companies to develop and maintain positive community relations and to contribute lasting benefits should be examined in the context of internal business systems and processes, as well as in light of the less tangible aspect of ‘business culture’. Further, Alert’s experience has shown that large multinationals tend to display greater maturity in terms of determination and ability to improve their social conduct and go beyond the fairly transactional model of the ‘social licence to operate’, to engage in true development processes.

- Distributing the benefits of such activities, even if well intentioned, can often stir up community tensions if it does not take into account either the underlying causes of poverty or the company’s relations within the operational context. This, for instance, is what can happen when the company confers benefits on some sectors of society while ignoring or excluding others.

- In the same way, communities often have unrealistically high expectations of the benefits they might receive from extractive industries, particularly when the state, including local government, lacks the capacity to fully play its part. Relations can be strained if the companies and their intermediaries do not carefully manage these expectations. But even when these expectations are taken into account constructively, they can be a lasting challenge, which can harm relations inside communities; between communities and businesses, businesses and the government, and communities and the government; or even among all of these parties.

- The success of relations between businesses and communities and of a business’s community investments depends on how well those investments are designed and implemented, and not only on the amount invested. In addition, when the company, as part of its CSR policy, adopts the traditional role of the government (for example in developing infrastructure, building schools and hospitals), it risks harming the state’s legitimacy and authority. On the basis of its experience, Alert believes that it is highly preferable for a company’s contributions to be related to its core activity. For instance, a business might roll out an HIV awareness-raising campaign where its commercial operations involve internal migration, or it might support land demarcation and land title registration where land speculation is identified as a potential risk.

Alert’s programme in Uganda succeeded in addressing some of the aforementioned issues through a so-called ‘conflict-sensitive business practice’ approach during the oil and gas exploration phase.

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60 Social realities are fundamentally different. The companies talk about impacts, projects, success and business plans, whereas for villagers it is sacrifices and ancestral lands that matter.
Through this, Alert provided training to businesses to help them to understand the reciprocal link between their operations and the context, and to identify and overcome potential sources of conflict. That in turn helped to improve community relations and further the dialogue between companies and government authorities. However – and this would be the most advisable approach in the Malian context – it is important for companies to be consistent in their commitment to communities and to take into account the communities’ needs and interests. This would ensure that the companies are always ready to react to the constantly changing context.
5. Recommendations

Below are a number of general recommendations emerging from the analysis of mining operations in the Kayes region, directed at all parties:

- A useful method of defusing the current negative atmosphere would be to hold forums where all stakeholders involved in mining can engage in discussion and dialogue. As part of these efforts, capacity-building could be provided to improve the listening and communication skills of all stakeholders. The forums should be based on the notion that the Malian subsoil belongs to Mali and its benefits must be shared in a fair, transparent and equitable manner with the entire population at every level (local, regional and national). The equitable distribution of resources and profits generated by mining relates just as much to taxes, duties and levies as it does to jobs, suppliers and CDPs. All stakeholders (civil society, companies and government) have a role to play in improving transparency including through engaging with the EITI.

- The concepts of ‘co-creation’ and value sharing should be developed, based on the principle that all stakeholders share joint responsibility for Mali’s development. This means that companies must acknowledge that their social responsibility goes beyond reducing their negative impact and should compel them to contribute to sustainable development in Mali, in partnership with all relevant parties including local authorities and CSOs. It also means that companies need to improve their management and knowledge of mining-related issues, fully understanding the context in which they are operating and increase their sensitivity to the potential conflicts that their operations could trigger.

- Authorities, civil society and donors should encourage mining companies to adopt the notion of overall social responsibility, which encompasses all activities carried out by the companies and all their related consequences for society.

- All stakeholders, whether from government, civil society or the private sector, should understand that sustainable development can only be achieved through change, which inevitably needs to deal with conflicts of interest and power struggles.

The following are more practical recommendations directed at specific stakeholders:

**Recommendations for mining companies**

- Collect and manage reliable statistics on where employees are from, to solve the thorny issue of ‘local’ employment; for unskilled jobs, incorporate all villages affected by mining operations and design a system through which a list can be drawn up and shared with stakeholders in a transparent manner, allowing affected communities to provide inputs.

- Build community resilience by contributing to job creation outside of the mining sector. As part of these efforts, the Loulo-Gounkoto mining complex initiative to set up an agribusiness centre could be replicated. Identify and support agribusiness projects based on high-potential value chains.

- Make efforts to buy ‘locally’ by ensuring that a high percentage of procurements is outsourced locally and build capacity of local entrepreneurs (including women entrepreneurs). Fully
assess the obstacles faced by local suppliers when attempting to enter the supply chain, then work with communities, civil society and government to overcome these obstacles.

• Incorporate CSR policies into local PDSEC to ensure that local priorities are better taken into account and projects are financed accordingly, in line with the 2012 Mining Code. Encourage companies that operate under the provisions of the 1991 and 1999 Mining Codes to do the same. Pay attention to and get involved in development policy and other activities outside the context of community projects; for example, by finding ways to reduce corruption and/or more effectively channel tax revenue towards relevant economic and social projects.

• Focus on impact rather than solely on the number of funded projects or amounts disbursed, carry out and publish impact assessments of CDPs, and focus on the quality rather than quantity of activities.

• Regarding community consultations, shift from simple ‘consultation’ to ‘effective, authentic, representative and inclusive participation’ of all communities, ensuring women take part in decision-making, including on issues relating to land compensation. Acknowledge that the outcomes of consultations may differ from the desired results.

• Find ways to bypass corrupt local councillors who are liable to obstruct the smooth running of projects, and avoid conflicts of interest.

• Form alliances with local, national and international NGOs to ensure that a) CDPs are well designed and managed, and b) projects are sensitive to conflict and gender dynamics.

Recommendations for local authorities

• Evaluate the implementation of the 2012 Mining Code and adherence to international mining standards.

• Revise the rules for awarding mining titles; adopt a more inclusive and integrated approach between different state technical departments as well as communities and local authorities.

• Analyse the issue of artisanal and small-scale mining in a participatory, inclusive manner, with a view to achieving peaceful coexistence between the different types of mining (both artisanal and industrial).

• Improve coordination between the various services operating on the ground.

• Provide training to government representatives to enable them to effectively support and advise regional municipal governments, ensure that legal and regulatory texts on mining are disseminated and explained in an accessible format, and monitor the operations of industrial mining companies and artisanal miners.

• Reform the way in which industrial mining revenue is distributed and ensure that regional authorities receive a larger portion of central revenue, while also supporting initiatives designed to reinforce good governance of regional municipal governments.

• Ensure that the requirement to publish the annual administrative account is implemented. Reinforce accountability mechanisms for the management of funds raised by regional municipal governments through mining activity, particularly in the case of business taxes, for example, by submitting annual accounts, with a particular focus on business taxes and how they are used.
• Establish a framework for dialogue with all stakeholders so as to create synergy between the advocacy work carried out by regional authorities with central government (concerning the withholding of business tax revenue) and mining companies (boosting socio-economic investment, preventing and mitigating the negative effects of mining). The research team was informed that the local authorities were creating a ‘network of mining regions’. The involvement of GIZ could help boost this initiative, which could improve governance of mining resources in the Kayes region.

**Recommendations for GIZ**

• Support constructive dialogue with mining companies by encouraging them to ensure that their CDPs fall within the scope of the local communes’ overall development plans. GIZ can use its experience to improve support for such dialogue, in collaboration with FACT or other NGOs in the Kayes region that have a good understanding of the subject matter and local areas.

**Recommendations for village communities and traditional authorities**

• Build community resilience to mitigate the negative effects of mining operations by building organisational capacity in communities and helping them to better monitor government action, understand legislative and regulatory texts relating to mining, gain access to sources of funding to promote intensive family farming and carry out other income-generating activities.

• Establish a robust mediation system to reduce and prevent tensions between communities and mining companies.

• Hold local councillors and state representatives accountable for the consequences of mining, for example by forming groups within and between villages or working through existing organisations (such as the youth group in Selinkégny) to communicate with local government.

**Recommendations for CSOs**

• Build the capacity of CSOs to act as social mediators between mining companies and village communities so as to help prevent and manage mining-related conflicts in a non-violent way, particularly in relation to disputes between artisanal miners and mining companies and among different villages.

• Build the capacity of CSOs to monitor the actions of the government, with a view to ensuring the traceability of state and municipal revenue generated by mining companies. Provide training and support to legal advisers so that they can help communities to protect and defend their rights when dealing with mining activity.