I. COUNTRY AND SECTOR BACKGROUND

A. Context

1. **Burkina Faso is a land-locked, predominantly rural West African country.** The rapidly expanding population of 13.6 million inhabitants relies upon a very narrow natural resource base, with cotton and gold as the major existing export commodities. Highly variable rainfall, poor soils, lack of adequate communications and other infrastructure, a low literacy rate, and a stagnant economy are all longstanding problems of this landlocked country. External factors, such as international prices of cotton, fluctuating fuel and food prices also impact the country. As a land-locked country, bordered by six neighbors, Burkina Faso is highly dependent on good relations with and the stability of its neighbors for transit, trade with external markets and political stability.

2. **Since the early 1990s, the country has benefited from relative political stability, democratic rule and a progressive platform of economic and political reforms.** Starting from the early 1990s President Blaise Compaore has headed the Government through consecutive elections in 1991, 1998, 2007, and 2010. Over the last two decades, the Government of Burkina Faso has embarked on a dramatic economic and political reform agenda, involving reforms in trade, currency and price liberalization, as well as tentative moves towards decentralized governance. Between 1998 and 2006 Burkina Faso enjoyed high economic (GDP)
growth rates of about 6 percent per annum. Burkina Faso became one of the first countries to be eligible for the Heavily-Indebted Poor Countries Initiative (HIPC). Nevertheless, the country is one of the poorest in Sub-Saharan Africa, and remains largely dependent on foreign aid, which represents 10 percent of the gross domestic product and accounts for 80 percent of public investments. Average income per capita remains at $300 and Burkina Faso rates number 161 out of 168 on the UN Human Development Index (2010).

B. Sectoral and Institutional Context

3. **Mining is a key driver of diversification and growth.** Mineral resources are currently the first export commodities in Burkina. Government reforms in the mining sector, including a modern mining code in 2003, have already attracted important foreign direct investments, notably in gold mining exploration. According to the National Mining and Quarrying Direction 5.5 tons of gold were produced in 2008, 12 tons in 2009, 22.5 tons in 2010, and 26 tons are projected annually starting from 2011. Export earnings from gold mining rose from 2 billion CFAF in 2007 to 332 billion CFAF in 2010. The mining sector generated 3,350 direct jobs in 2008 and represented 2.8% of GDP in 2009. The contribution of the sector to GDP will significantly improve with the opening of the Essakane gold mine in October 2010. Essakane is the largest mine thus far in Burkina and the sixth currently producing gold mine. Further developments are expected on gold, manganese and Zinc (which will be a first in West Africa). The mineral deposits are well spread across the country, and could play an important role in developing rural economies. Three groupings of clusters of mines and advanced projects have the potential to become growth poles.

4. **The Government is developing new policies and strategies to continue attracting investment, while also ensuring that the impact of these investments on the overall economy and on poverty alleviation is optimized.** These reforms include the preparation of a new mineral policy declaration and a new mining code which promotes a better impact of mining on the national economy and local community living conditions, environment, mine closure, etc. This new Mining Code is currently in Draft format and is undergoing consultations. The Government still needs to develop a longer term vision of its mineral sector, and to put in place the framework and capacities needed to enable improved benefits from the sector including the revenues, economic linkages, and induced economic development opportunities. The macroeconomic implications of the rapid growth in tax and foreign exchange revenues generated by the mining sector and its spinoffs may require new policy and institutional initiatives by the Government.

5. **The World Bank and resource rich countries are increasingly using the extractive industry (EI) value-chain approach** to identify the key challenges related to the mining sector along the links of the value chain and to initiate a coherent strategic program to address them. Burkina has engaged into the extractive industry transparency initiative (EITI), and is currently a candidate country. Each link in the EITI++ value-chain and how it broadly relates to Burkina Faso is described below. These are used as a framework to identify and prioritize gaps and actions.
6. **Improving information about mineral resources:** In spite of the development of six gold mines over the past four years, the largely unknown geological potential of Burkina remains a major obstacle for attracting investors, and for the diversification of mined commodities. Relatively limited geological, geophysical and geochemical mappings and works have been carried out thus far, and the operating mines are a result of focused exploration by private companies of known mineral occurrences. There is still substantial unexplored gold potential with additional potential bauxite, copper, manganese, zinc, and nickel prospects in the south of the country.

7. **Improving the sector’s legal and regulatory environment:** Government reforms in the mining sector, including the 2003 mining code, have attracted important foreign direct investments, notably in gold mining exploration. However the legislation lacks many provisions on social, environmental, economic and social inclusion provisions, and find itself challenged to manage private sector led industrial mining. The ongoing work on the updating of the mining policy, and legislation sponsored by the World Bank financed Competitiveness and Enterprise Development Project (CEDP) will be useful, however more will need to be done in terms of regulations, and economic, environmental and social implementation guides.

8. **Strengthening government supervisory institutions.** Government oversight capabilities are critical in ensuring economic, social, financial and environmental compliance of the mining sector. The CEDP initiated some capacity building however the needs are well above the resources available within that project. The lack of operational equipment, tools, and budget; and the aging and retiring experienced staff, negatively affect Burkina’s institutional performance in the sector. For example, to date there has not been any inspections undertaken of the operating mines with respect to their environmental or socio-economic behavior. Furthermore, the current institutional structures managing the sector largely still reflect the pre-industrial mining mandates and orientation. Inadequate coordination and cooperation between various ministries, and the lack of a shared vision, roles and responsibilities further hamper oversight.

9. **Increasing fiscal receipts and improving the allocation of revenues:** Burkina Faso has been able to put in place a competitive fiscal framework. It has however significant challenges in managing expectations, and in building consensus between the ministries of Mines and Finance on the level mineral sector revenues to be collected at this stage. One such challenge, involves
living up to the incentives provided to firms to enable the development of industrial mines. Others include complexities with mineral accounting and addressing the sophisticated schemes that private companies put in place to minimize tax payment. While the Ministry of Finance has setup an internal coordination framework on mining revenues collection and some collaboration has been initiated with the Ministry of Mines, significant improvements are needed on the processes and skills sets.

10. Revenue transparency and accountability: The Government has initiated some good steps toward this including through its participation to the Extractive Industries Transparency Initiative (EITI – which benefited from the EITI MDTF), and the establishment of an anti-fraud commission to track gold mined at an artisanal level. However, as has been shown in neighboring mining countries, mining revenue flows are likely to present governance challenges unless they are accompanied by a strengthening of transparency and accountability in public financial management. Internal and external oversight bodies appear unfamiliar with the mining sector. Effective checks and balances are needed to provide for a sound accountability framework for the management of extractive industry resources. Access to relevant information is a prerequisite for effective monitoring. Parliament and civil society organizations have roles to play for improved accountability. The management of the sector will benefit from adequate capacities for each of the stakeholders to carry out their functions.

Link 4 – Revenue Management and Allocation

11. Ensuring sustainable allocation of revenues at the central and decentralized levels. While fiscal receipts might progressively increase as a result of streamlining and improving the performance of collecting agencies, there is need for improving mechanisms, allocation criteria and management capacity for the use of such revenues to benefit (a) the central government, (b) the provinces and local communities particularly when considering the present process of decentralization; and (c) the financial sustainability of the entities in charge of monitoring and regulating the sector. The current legislation is silent on revenues allocation to community development around mining sites. The situation is primarily one in which the mining companies have responded to an assortment of uncoordinated pressures and provide various concrete benefits to the local communities, mostly schools and health care facilities. Only in two cases (Essakane and Perkoa) there are reportedly strategic plans in this regard being formulated before production begins.

12. Macro-economic implications: Similarly, the macroeconomic implications of the rapid growth in tax and foreign exchange revenues generated by the mining sector and its spinoffs may require new policy and institutional initiatives by the Government of Burkina Faso. It will soon be important for the Government to formulate a plan as to how it will use the increased fiscal revenues to further the development of the country—and avoid the natural resource curse common to several mineral dependent countries—as well as how it will manage the likely fluctuations in such revenues generated by the mining sector depending on the commodity cycle. In particular, while as part of the West African common currency zone, fluctuations in foreign exchange revenues will not directly impact upon Burkina Faso’s foreign exchange rate, they will have internal inflationary impacts that could affect the competitiveness of other industries (Dutch Disease) as well as the prices of consumer goods.
13. **No long-term strategic plan to promote technology transfer and skills-development.** There is no strategic plan being implemented to try and increase the participation of Burkinabe in the mining industry, either directly or through sub-contracting. While the Mining Code calls on companies to steadily increase the number of Burkinabe workers, and efforts by public and private sector (including the creation of the National College for Engineering in Fada), the country has long ways to go to train its citizens to take higher skilled jobs. The industrial mining sector is highly mechanized however it can be a good catalyst for employment generation if the population can leverage the utilities of the mines, the increased purchasing power of the employees of the mines, and the demand of the operations. More importantly, there is currently no systematic plan agreed for identifying the types of goods and services—and associated training—that Burkinabe entrepreneurs could reasonably be expected to supply in the short to medium terms.

14. **Potential growth poles.** The spread of mines and advanced projects across the country could play an important role in developing rural economies. Three clusters of mines and advanced projects, creating opportunities for economies of scale, have the potential to become growth poles. Identifying non-mining comparative advantages, reducing factor costs, enhancing the investment climate and engaging SME’s linked to the mining sector will likely attract further direct investments. The government is developing the Stratégie de la Croissance Accélérée et du Développement Durable (SCADD) 2011-2015. The SCADD aims to increase and sustain an economic growth with positive impacts on the revenues and living standards of the population in a context of sustainable management of natural resources. Mining has been identified as a strong priority sector for the realization of the SCADD, and this could provide for the framework for driving mining induced economic development and employment generation.

15. **Lack of infrastructure planning:** The lack of adequate transport infrastructure is preventing the development of zinc and manganese mines. The current rail transporting goods to the port in Abidjan is reported to be vastly insufficient, and its managing company to have initiated discussions with Areva for the transport of their uranium mines products from Niger to the port after their trucking to Bobo Dioulasso. Energy infrastructure is also an issue, and companies either generate their own electricity or import it from neighboring countries (Youga) at high cost (including transaction cost with the national electricity company reported to have the monopoly on power distribution in Burkina). Some mining companies are reported to be investigating the potential of developing solar energy supply for their mines, and have initiated discussions with some donors (including the EU), but this is still to be integrated and formulated in cooperation with the National Energy Company. Overall there is little evidence of the existence of a framework for facilitating the development of infrastructure in a coordinated way and in a way that may be useful to other sectors of the economy or to the local population.

16. **The following cross-cutting issue also needs attention:** Artisanal and Small-scale Mining (ASM): There is a need to improve conditions for artisanal and small-scale miners. ASM is an important setting of the mining sector in Burkina Faso. It is estimated that there are over 200,000 artisanal miners actively supporting their households in Burkina. With an average of 5 to 10 people per households artisanal mining sector is supporting a significant part of the population. The artisanal sector presents challenges for the Government, distinct from those of
the industrial mines. ASM is a low investment/low productivity activity, has significant adverse environmental impacts, but still represents a very significant income alternative, and under the right circumstance opportunities for poverty alleviation. Competition for the exploitation of mineral resources is emerging between artisanal miners and large-scale/industrial companies, and need to be managed.

II. OBJECTIVES

To strengthen the capacity of key institutions to manage the industrial mineral sector

III. RATIONALE FOR BANK INVOLVEMENT

17. Alignment with CAS and SCADD: The GoBF is committed to making mining an important development instrument. The proposed project is aligned with the 2010-2012 Country Assistance Strategy (CAS) which primary objective is to help Burkina Faso make progress on promoting economic transformation and activating new drivers of growth that can be sustained over time. Relevant points of reference between the CAS and the proposed project include: (i) to accelerate private sector-led diversification, increase exports; and (ii) the emphasis on governance and capacity-building. The proposed project is also aligned with the four pillars of the Strategy for the Acceleration of Growth and Sustainable Development (Stratégie de la Croissance Accélérée et du Développement Durable), SCADD 2011-2015 (in which mining is a key sector), including the: (i) promotion of growth poles and reduction of economic vulnerabilities, (ii) development of economic infrastructure, (iii) investment in human capital, and (iv) improvement of the sustainable development framework.

18. The proposed project will build on IDA’s active mining sector dialogue since the early nineties. The World Bank sponsored the Mining Sector Capacity Building and Environmental Management Project (MCBEMP), the mining component under the Competitiveness and Enterprise Development Project (CEDP), and is managing the EITI MDTF grant to Burkina. The MCBEMP has been instrumental in supporting Burkina’s efforts to attract sound mineral sector development; the CEDP has targeted some capacity and policy issues, while the EITI MDTF is supporting EITI implementation. Mining policy advice has also been provided by the World Bank through the recently completed Country Economic Memorandum and an ESW on local procurement in mining. Two studies are also underway and will provide insights in the management and reform needs in the mining sector, including the: the Political Economy Analysis of the Mining Sector and the Engagement of Civil Society and the Local Government in the Mining Sector in Burkina Faso.

19. Rationale for IDA involvement: The Bank has extensive conceptual and technical experience in the sector and can draw on lessons learned through the implementation of similar operations globally and in the region, such as in Ghana, Liberia, Madagascar, Mauritania, Mozambique, Nigeria, Tanzania, Uganda, and Zambia. The Bank is also uniquely positioned to offer assistance covering the full spectrum of the extractive industries value chain (EITI++ approach) through the proposed program and in coordination with other World Bank and donor activities.
IV. DESCRIPTION

20. The MDSP is supporting the Government of Burkina Faso in addressing gaps and challenges, mainly along links 1, 2, and 3 of the EITI++ value-chain. The project has three components: Component A (Link 1): Fostering Beneficial Mineral Resources Development (US$15.0 million); Component B (Link 2 and 3): Strengthening Institutional Sector Management Capacity and Accountability (US$15.7 million); Component C: Project Coordination and Management (US$2.3 million).

Component A: Fostering Beneficial Mineral Resources Development (US$15.0 million):

21. This component will assist the Government of Burkina Faso in addressing challenges related to Link 1 of the EITI value-chain including the need to update policies and regulations, to address the insufficiency of geological information, the outdated geo-data infrastructure, and the weak and little transparent mineral titling and licensing system. It will provide technical assistance in terms of legal expertise, geo-scientific mapping, systems and IT development, and training to government agencies – while also enhancing public participation and access to information – in the following three sub-components:

• A.1 Policy, legal, and regulatory framework (US$ 2.0 million). This sub-component will provide technical assistance to the Ministry of Mines, Quarrying, and Energy (MMQE), the Ministry of Finance and Economy (MoFE), and the Ministry of Environment and Sustainable Development (MESD) to (i) develop mining regulations, guidelines, and manuals ensuring the implementation of policies related to fiscal and accounting standards, health and safety, decentralization, gender, and artisanal and small-scale mining; (ii) develop environmental and social regulations addressing gaps and priorities identified through the SESA feasible within the project, such as mine closure, resettlement and related standards, (iii) develop a mining community development guidelines; and (iv) communication and public consultation strategy.

• A.2 Geo-data infrastructure (US$10.0 million). The objective of this sub-component is to increase private sector investment in mining and increase value derived by government from these investments through: (i) geological, geophysical and geochemical surveying and mapping of thirteen geological sheets out of the total of 26 sheets for the whole country; (ii) updating the geological mapping standards, (iii) upgrading of the existing GIS systems to ensure adequate storage, management and assessment of the geological information, and (iv) training, tools and equipment.

• A.3 Office of the Mineral Cadastre and Geology (US$ 3.0 million): The objective of this sub-component is to facilitate and enhance transparency in the mineral titling process and information. In terms of the Mining Cadastre, the project will support: (i) adaptation of the cadastre procedures to the updated laws and regulations as they relate to the mineral rights; (ii) provision of relevant hardware and software to support a modern mineral cadastre; and (iii) the training of the cadastre personnel. In terms of the Geology Unit, the Project would support: (i) training and equipment of staff to control and monitor exploration sites; (ii) database, i.e. the compilation and storing of exploration information; (iii) the ranking of relevant prospective sites under public domain so that the
government may capitalize on the known value of its deposits; and (iv) the development of a public information center for mining stakeholders.

**Component B: Strengthening Institutional Sector Management, Coordination, and Accountability (US$15.7 million)**

22. This component will help address challenges related to Link 2, 3, and 5 of EI value-chain, with a focus on strengthening capacities of government and other stakeholders – including central government institutions, sub-national governments, decentralized authorities, artisanal and small-scale miners, civil society and community members – to efficiently, transparently and more equitably manage the mining sector. This component will help set the stage and create the framework for ensuring that Burkina Faso drives the development of its mineral sector to enhance equity and socio- and economic benefits. Sub-components:

**B.1 Institutional Strengthening and Coordination: (US$9.2 million).** The objective of this sub-component is to strengthen the institutional capacity of the government for efficient and transparent mineral sector management. Activities to be undertaken will include the following:

- **Institutional strengthening at the MMQE** for the enhanced implementation of the mineral law, regulations, standards and systems to ensure compliance of operations with established norms through (i) development of control and monitoring procedures, manuals and processes; (ii) training and equipment of staff in mineral related data collection and processing, physical control and monitoring of mining operations; (iii) strengthening of collaboration and coordination with the MoEF and MESD; (iv) support to and sensitization of artisanal and small scale miners to HIV Aids, health and safety, environmental and social matters in close cooperation with the MESD, and (v) the conduct of a study to identify, evaluate and recommend measures designed to ensure the sustainability of its institutional capacity to manage and oversee the mineral sector in Burkina.

- **Institutional strengthening at the Ministry of Environment and Sustainable Development (MESD)** for the enhanced implementation of the environmental law, regulations, standards and systems pertaining to the mining sector to ensure compliance of operations with established norms; through: (i) the development of control and monitoring procedures, manuals and processes; (ii) training and equipment of staff in the Environment Division of the MESD; (iii) the equipment support to the environmental laboratory in Ouagadougou; (iv) control and monitoring of environmental management plans, programs and site rehabilitation works; and the implementation of SESA identified priorities feasible within the scope of the project.

- **Institutional strengthening at the MoFE on mineral tax and revenue collection:** This sub-component will support a series of activities that will help develop the overall mineral tax collection framework for the mineral sector such as: (i) mapping of physical and financial control points, (ii) training on revenue information collection, processing, (iii) development of management reporting systems and database on revenues; (iv) development of a coordination and collaboration framework between the ministries of
finance and mines; and (v) procurement of tools needed for assessing the compliance of revenues collection.

**B.2 Tertiary Education in Mineral Resource Management (US$2.0 million).** The objective of this sub-component is to increase the availability of training capacity and sustainability of capacity building efforts for the public and private mining needs in Burkina. In this context, this sub-component will help: (i) a tertiary education institution in Burkina to structure selected training programs in demand both by the public and private sector in Burkina in the form of training modules for continued education, and (ii) support training programs and the equipment of the National College for Engineering in Fada.

**B.3 Transparency and Accountability (US$2.3 million):** This sub-component aims at improving transparency and accountability in the management of extractive industries in Burkina. The activities to be supported under this sub-component will include: (i) support the EITI post-validation agenda, reporting, capacity building and sensitization, (ii) development of a system of mining information collection, management and diffusion; (iii) training, sensitization and networking for civil society, journalist, private sector and other stakeholders. This component would leverage ongoing initiatives to strengthen civil society capacity around the demands for good governance.

**B.4 Economic Integration Analysis, Facilitation, and Knowledge-Sharing (US$2.2 million):** The objective of this sub-component is to provide the analytic underpinnings, and assist the government in developing strategies to enhance social and economic benefits from mining and to avoid the growth of an “enclave mining economy.” The activities under this sub-component will be participatory and include private sector, civil society and mining community members, such as: (i) national spatial analysis and development of road-map for mining growth pole, (ii) assessment of conditions for improved local content of mining operations and an action plan for the development of a supplier development program; and: (iii) knowledge-sharing/information platform to support and leverage private sector economic inclusion and community development activities.

**Component C: Project Coordination and Management (US$2.3 million)**

23. This component includes project coordination and management of fiduciary aspects. It will also include monitoring and evaluation of project implementation, including reporting, audits, and assessment of safeguards policies. The project will be managed by a Project Management Team in the Department of Mines in the MMQE, including externally hired project coordinator, financial management, and procurement, accountant, and M&E experts.

**V. FINANCING**

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<td><strong>Total</strong></td>
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VI. IMPLEMENTATION

24. During project preparation, the financial management and procurement responsibilities will be managed by an existing PIU, the Unité d’Exécution de la Réforme du Secteur de l’Energie (UER). Reflecting the central role the Department of Mines plays in the development and implementation of all components of the Project, at effectiveness, the project management will be transferred. As such, the Project will be implemented by a Project Management Team (PMT) in the Department of Mines of the MMQE. The PMT will be responsible for all financial management and procurement matters under the Project, including project reporting and monitoring and evaluation of performance against the Results Framework. Project management will be conducted in accordance with a Project Implementation Manual (PIM) to be developed before effectiveness.

25. The PMT will be headed by a Project Coordinator to be hired. This Project Coordinator will be responsible for coordination and supervision of project implementation, and reporting to the Project Steering Committee. To strengthen the capacity of the Department of Mines in project management, fiduciary, procurement, and monitoring and evaluation matters, the PMT will also consist of consultants – previously familiar with World Bank procedures – including a Project Coordinator, a technical expert, a financial management expert, a procurement expert, an accountant, and a monitoring and evaluation expert.

26. The PMT will manage an IDA Designated Account and financial transactions and procurements for the other institutions which are also beneficiaries of the Project, including the Ministry of Environment and Sustainable Development (MESD) and the Ministry of Finance. This relieves the burden on the beneficiary institutions and ensures funding and procurement transactions are consolidated in one agency operating under World Bank guidelines.

27. The Steering Committee (SC) including high-level representatives of the relevant ministries, which will be responsible for providing overall strategic guidance for the Project as well as coordination between, project activities, initiatives and reforms. It would include the Deputy Minister of MMQE (Chair), the Deputy Minister of Economy and Finance, the Deputy Minister of Environment and Sustainable Development, and other relevant Deputy Ministers as needed.

VII. SUSTAINABILITY

28. The Government commitment to implement the proposed actives is very important for the sustainability of their outcome and for the reform agenda in the sector in general. Repeated requests from authorities in Burkina Faso including from the Prime Minister, the Minister of Finance and Economy, and the Minister of Mining, Quarrying and Energy, combined with the identification of mining as a key driving sector for the SCADD attests to the importance given to the sector for the improvement of socio-economic conditions in Burkina.

29. The activities provided for under the project will improve the mineral sector management including at the local level, while also consolidating and improving Burkina’s image and attractiveness to investors. At the national level, the project will help improve the Government’s
capacity to (a) manage the sector properly, (b) ensure that the revenues due to Burkina flow to the Treasury; and (c) improve conditions for better value addition, and integration of the mining sector. The project is also expected to strengthen Burkina’s policy/regulatory framework, and enhance its institutional and human resource capacity to address the environmental and social impacts of mining. Capacity building of civil society and systematized accessibility of information are also expected to contribute to sustainability through stronger demand for good governance.

30. At the community level, sustainability will be supported through enhanced approaches to community development including participatory processes, and alignment of CSR activities with longer term local economic development plans. Specifically, these are expected to see increased influence over local economic development, use of money generated by mining activities to foster development at the local level, and improve socio-economic linkages to the mines.

VIII. LESSONS LEARNED FROM PAST OPERATIONS IN THE SECTOR

31. The Project builds on experience gained from similar mining sector technical assistance operations in many countries, especially in Africa. This includes countries with long traditions of industrial mining like Ghana, DRC, Zambia and Mauritania, and countries where mining has only recently emerged like Mali, Madagascar, Mozambique and Tanzania. Lessons learned are regularly captured in SEGOM analytical work and publications. Recent examples include technical papers on mining cadastres and guidelines for community development agreements in mining areas (see [www.worldbank.org/mining](http://www.worldbank.org/mining)). In addition the preparation of the Project will be informed by an on-going GAC financed Political Economy Study of the Mining Sector in Burkina Faso, and a study on CSO capacity in Burkina.

32. The EITI++ approach used in the Bank’s current programs on extractive industries (see Box in Annex 2) has been instrumental in highlighting the critical need to integrate interventions aimed at improving mining sector performance with those related to the management of resource rents generated by the sector. This approach is strongly reflected in the project design. The main lessons learned from mining sector operations in various regions include the need for (a) a sector-specific focus, while integrating to the extent possible cross-sectoral issues arising from the EITI++ value chain; (b) clear delineation of authority and responsibility across the various sector ministries and agencies; (c) beneficiary participation in project preparation, organization, implementation, and coordination at the field level; (d) institutional champions to ensure the sustainability of different project components; and (e) strong ownership and political commitment to project objectives.

IX. SAFEGUARD POLICIES (INCLUDING PUBLIC CONSULTATION)

33. The proposed project is technical assistance aimed at strengthening the legal, regulatory, and institutional framework, as well as at improving capacity, governance, and planning of the mining sector. The project does not involve civil works or land acquisition. However, future mining development activities are expected to build on the TA activities and will have
environmental and social impacts that would be regulated under the strengthened legal and institutional framework.

34. Fulfilling Environmental Assessment (OP/BP 4.01), a Sectoral Environmental and Social Assessment (SESA) will be undertaken during the project and will provide a diagnosis of the social issues associated with mining sector development. The TORs have been disclosed in-country and at Info-shop prior to appraisal. The SESA will support the integration of social concerns into long-term development and investment planning. Further, moving upstream in the planning process to a stage where major strategic decisions have not yet been made, the SESA offers opportunities not only for analyzing existing policies, institutions, and development plans in terms of social issues, but to support environmentally and socially sound sector-wide investments.

35. The proposed Project will develop a framework for mining community development and support activities aiming at capacity building of communities within the context of decentralization. The community development framework will amongst other provide for the enhancement of participation and leadership from community including gender, and the alignment of investment with decentralization and local economic development plans. The project will assess the adequacy of the existing resettlement safeguards.

36. The Project is expected to have significant positive environmental impacts through the improvement of the environmental management of the mining sector, the promotion of modern mining methods and the enhancement of the environmental management capacity in MESD. As a technical assistance operation, activities will not have significant physical impact on the environment. It will only provide support for the establishment and improvement of general sector management systems, and will not engage in zoning, planning or preparatory activities for specific investments linked to identifiable impacts.

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