

EITI Value Chain Analysis Sierra Leone

Final Report



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Acronyms / Abbreviations

AFP:	Agenda for Prosperity
ASM:	Artisanal and Small-scale mining
CDA:	Community Development Agreement
DACDF:	Diamond Areas Community Development Fund
EIRT:	Extractive Industries Revenue Taskforce
EITI:	Extractive Industries Transparency Initiative
EPA:	Environment Protection Agency
GoSL:	Government of Sierra Leone
INTOSAI:	International Organization of Supreme Audit Institutions
ISA:	International Standards on Auditing
ISSAI:	International Standards of Supreme Audit Institutions
MAB:	Minerals Advisory Board
MCAS:	Minerals Cadastre Administration System
MoFED:	Ministry of Finance and Economic Development
MMMR:	Ministry of Mines & Mineral Resources
MSG:	Multi Stakeholder Group
NMA:	National Minerals Agency
NRA:	National Revenue Authority
RDF:	Revenue Development Foundation
SLEITI:	Sierra Leone EITI
SLORS:	Sierra Leone Online Repository System
SOE:	State Owned Enterprise
TOR:	Terms of Reference

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Executive Summary

Sierra Leone was declared compliant under the 2011 Rules in April 2014, after addressing issues raised during the second validation process. An EITI International Secretariat review published 14th April 2014 lifted SLEITI's suspension and recommended Sierra Leone be declared compliant. The four remedial actions – comprehensiveness of reporting, government reports based on international standards, companies required to report (comprehensiveness), and government entities disclosing all material revenues from the extractives sector – were all judged to be met. SLEITI's most recent reconciliation report was for the 2011 financial year. Due to the tragic outbreak of ebola in the country, in May 2014, the EITI Board granted Sierra Leone an open-ended extension for the preparation of the 2012 report. Given that the report has not been completed, it must now take place under the EITI 2013 Standard, which is more comprehensive than the previous 2011 Rules. The procurement process for the 2012 report is now underway (and nearly concluded), and initial planning for the 2013 report has begun. The planned reports require a more holistic perspective of the extractive industries value chain to be incorporated in line with the new standard. This report provides a gap analysis of existing information versus information not available that will need to be sourced and incorporated into the report. The final version of this report follows on from and incorporates feedback from a workshop on the draft report held in Freetown on Tuesday 3rd March.

A significant innovation to complement SLEITI in the context of the EITI 2013 Standard is the Minerals Cadastre Administration System (MCAS), which was launched in January 2012 and has an associated read-only online repository available to the public (<http://sierraleone.revenuesystems.org/>). The repository, which is owned and managed by the National Minerals Agency (NMA), contains data on all mineral rights, their status and payments as recorded by the NMA – as well as all forestry licences issued by the Forestry department. At a glance, it is possible to find out that there are 222 active mining licences, 40 under review, 25 suspended and so on.¹ It is also possible to find the top ten most lucrative mines in terms of government take.

For each company and licensed area, visitors to the site can find out a significant amount of information, including the geographic coordinates of the licence area, the mineral types found in the mining area, the date of application and expiry, the total non-tax payments from the mine to the government (also disaggregated into discrete payments and payment types – royalty, licence fee, export permit etc.)

What follows is a table of the most significant new disclosure requirements of the 2013 Standard (Part II of the full EITI compliance requirements). **Ten significant mandatory requirements** (bolded in the table below) are currently not met and need to be addressed in the next SLEITI workplan. A full list of EITI compliance requirements and their status can be found in the spreadsheet that accompanies this report.

Req. No.	Provision	Requirement type	Status	Recommendation/comment
Award of Contracts and Licences				
3.2	Legal and fiscal regime analysis	Mandatory	Not met	A full analysis of the legal and fiscal regime can be commissioned as part of the next EITI Report, or as a separate study.
3.9	Licence registry	Mandatory	Met	The online repository is gold-standard
3.10a	Technical/financial criteria for awarding a licence, as well as any transfer of licence details	Mandatory	Not met	These need to be included in the next EITI reconciliation report for specific projects.
3.6c, 3.11	Beneficial ownership registry	Encouraged	Not met	The planned MCAS shareholder information module should also be available on SLORS
3.10d	Analysis on the	Encouraged	Not met	SLEITI commission a study or include in

¹ <http://sierraleone.revenuesystems.org/desktop/desktop?workSpaceId=284048#>

Req. No.	Provision	Requirement type	Status	Recommendation/comment
	efficiency/effectiveness on the licence allocation process			the next reconciliation report.
3.12 b	Contracts policy and legal provisions	Mandatory	Not met	Provisions included in the Extractive Industries Revenue Bill – not yet passed into law and unlikely to become law.
3.12a	Contract disclosure	Encouraged	Met	Publish mining agreements on the SLORS
Monitoring and Production				
3.3	Extractive Sector overview	Mandatory	Met	The MSG should consider whether a more substantive overview should be included in the next reconciliation report.
3.5a 3.5b	Production and export data - by commodity (and where relevant) state/region	Mandatory	Met	The NMA should submit full information to the appointed Administrator in time for the next reconciliation report.
Revenue Collection				
4.1a	Comprehensiveness	Mandatory	Met	The first, third and fourth of the remedial actions were judged to be met by the International EITI Secretariat
4.1b	Taxes and other payments	Mandatory	Met	SLEITI should clarify whether there are any material dividend or bonus payments not captured in the pre-reconciliation data for 2012. It is not clear why surface rent is not included in the 2012 dataset.
5.2e	Disaggregated revenue disclosure - by project, mineral type, revenue stream	Mandatory	Not met	At present, fully disaggregated data (by payment type to the company's project level) does not appear to be available.
4.2d	Payments from companies to sub-national government	Mandatory	Met	The only payment type from mining companies to sub-national entities is surface rent, which amounted to only 2% of total revenues to District Councils and Chiefdom Administrations in the 2011 Reconciliation Report.
Revenue Management and Distribution				
4.2e	Sub-national Transfers	Mandatory	Not met	Needs to be included in the next reconciliation report (including an assessment of the performance of the DACDF).
3.7	Distribution of extractive revenues	Mandatory	Not met	Needs to be included in the next reconciliation report.
3.8	Information on Revenue Management	Encouraged	Not met	Needs to be included in the next reconciliation report (including payments to the Community Development Fund).
5.2b	Review audit and assurance practices	Mandatory	Met	However, for the next Reconciliation Report, further work will be required, specifically, to examine the audit and assurance procedures in more depth (beyond letters from the appropriate bodies), together with an analysis and assessment of the relevant laws, regulations and current or planned reform projects.
Social and Economic Spending				
4.1e	CSR "social" payments if written into agreements	Mandatory	Not met	All mining agreements with CDA provisions must be fully disclosed and reconciled as far as possible in the next reconciliation report. A study on potential obstacles and recommended

Req. No.	Provision	Requirement type	Status	Recommendation/comment
				actions may be advisable in advance of the next reconciliation report.
3.4	Contribution to the economy (including employment data)	Mandatory	Not met	Needs to be included in the next reconciliation report.
Outcomes and Impact				
5.3, 6.2	Data Accessibility	Mandatory	Not met	The next EITI reconciliation report needs to include a summary report, machine-readable data. Continuous online reporting (via the SLORS) should be considered.
3.7b	Reference other systems	Encouraged	Not met	Should be in the next report.

Addressing these priority areas for the 2012 report will enable SLEITI's reporting output to be substantively in line with the EITI 2013 Standard. However, over and beyond these issues, it is also recommended that a more strategic approach to SLEITI be planned going forwards, beginning with developing a 5 year strategy for SLEITI (and perhaps a medium term 3 year strategy too). Care must be taken to ensure that the strategy is fully in line with the national government's Agenda For Prosperity (AFP) rather than a freestanding strategic framework; this would ensure that SLEITI's work plan is placed firmly within pre-existing national priorities for reform. Among the core components of the strategy would be a communications strategy (enabling deeper engagement with all stakeholder groups) as well as a reporting roadmap which lays out how SLEITI may adopt a more impact-driven approach to EITI reporting which at the same time mainstreams EITI within core public financial management systems.

Another key component of a SLEITI 5 year strategy would be to clarify and embed its role within the existing institutional context, ensuring that there is complementarity and effective division of functions and labour. The expanded remit of SLEITI in the context of the 2013 Standard and the broader reach across the extractives value chain it implies suggests SLEITI play a more formalised role in the EIRT going forwards, reconciling and sharing information gathered elsewhere (principally by the EIRT, which would focus on coordinating the physical and financial auditing of companies) as part of the annual reconciliation reporting process. This would remove the annual administrative burden (and cost) of information collection via an appointed Independent Administrator from the SLEITI Secretariat. An opportunity for a more strategic and longer-term approach to the development of the EIRT and its relationship to SLEITI therefore now exists, beginning with a data exchange agreement, which facilitates the automation of data (an encouraged provision (6.2.c) within the EITI 2013 Standard).

Chapter 1: Introduction

Introduction

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. It has a robust yet flexible methodology for disclosing and reconciling company payments and government revenues in implementing countries.

The EITI Standard, which lays down the requirements EITI countries are expected to comply with, was approved in May 2013. The EITI Standard 2013 replaced the EITI Rules from 2011. The scope of the EITI widened to ensure transparency in all stages of the extractive industries value chain.

The purpose of the EITI Value Chain Analysis is to increase understanding of the scope of available information and assist countries in identifying key issues that need to be addressed in order to comply with the EITI Requirements and establish an EITI process linked to national priorities and government policies.

Work Summary

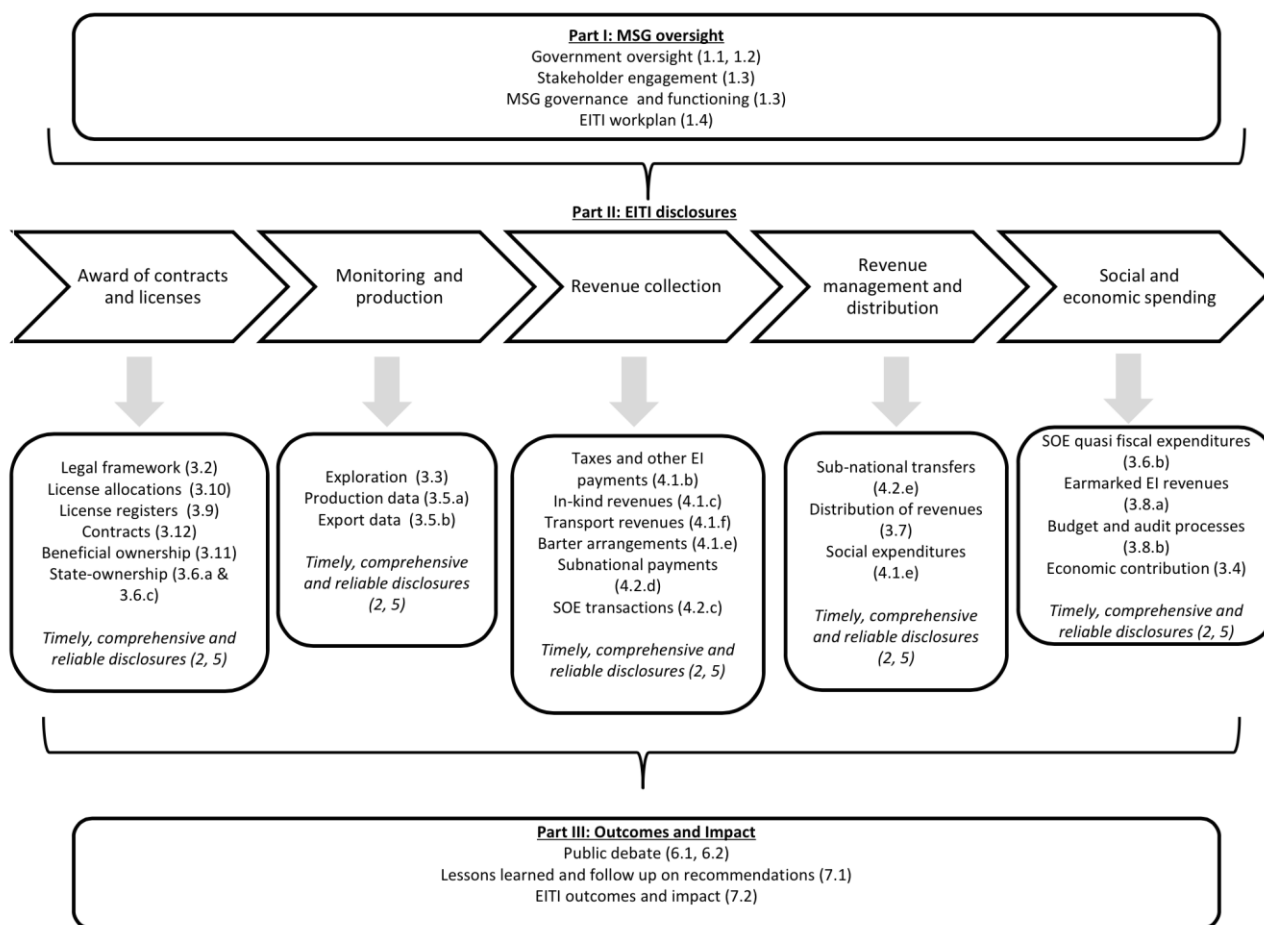
The Consultant will provide research, analysis and recommendations for an EITI value chain assessment of Sierra Leone. This will include:

- Research and assess (1) what information disclosures from the new EITI Standard are already made in Sierra Leone and whether they are available in EITI Reports or elsewhere (2) what disclosures are made, but would need to be modified in order to comply with the new EITI Standard, and (3) what entirely new disclosures would need to be made in order for Sierra Leone to meet the EITI Standard. Sectors to be covered by the assessment are oil and gas and mining.
- Fill in a summary (in excel format) value chain assessment, using the latest EITI Report for Sierra Leone, other necessary sources and the assessment template provided.
- Draft a narrative report that details the gaps in Sierra Leone's current disclosures and offers recommendations for how to address those gaps in order to comply with the new EITI Standard, as well as to advance priority policy reform in Sierra Leone. Where there are links to other reform initiatives in the sector or on-going public debate, the narrative should identify these.
- Provide additional support in connection with the preparation of materials for a workshop (to include the MSG, Secretariat and Administrator) based on the value chain assessment.
- Engage with the EITI Secretariat of Sierra Leone in the course of the exercise.

Methodology

The first task was to construct a value chain analysis spreadsheet template. Rather than focus on the provisions within each of the seven requirements of the EITI 2013 Standard in a linear fashion, a value-chain based approach was taken, guided by the draft TOR to Validators issued by the EITI. This helpfully categorises the EITI compliance assessment into three parts: MSG oversight, EITI disclosures and Outcomes and Impact. Part I essentially addresses corporate governance effectiveness, Part II addresses information across the extractives value chain while Part III assesses the impact of implementing EITI. While the core of this study focuses on the new requirements imposed across a broader spectrum of the extractives value chain, attention is also placed on governance and impact, to ensure a holistic assessment is undertaken. This ensures that both EITI reporting as well as more generally EITI implementation in Sierra Leone is fully informed by the new standard.

Figure 1 The Three-Part EITI Assessment Model



Once the assessment spreadsheet was reviewed internally, the primary sources of data/analysis were identified as:

- SLEITI Second Reconciliation Report (2008-2010)
- SLEITI Third Reconciliation Report (2011)
- SLEITI Validation Report (2012)
- EITI Secretariat Review (2014)
- Sierra Leone Online Repository (<http://sierraleone.revenuesystems.org>)
- 2012 pre-reconciliation data (supplied by the Revenue Development Foundation with data provided by the NMA and NRA)
- Extractive Industries Revenue bill (2013)
- Draft SLEITI bill (2013)

In addition, some key informants were identified and consulted during this project:

- Neema Patel, RDF
- Aasmund Andersen, RDF
- Thomas Scurfield, former ODI fellow, Ministry of Finance and Economic Development
- Salisu Mohamed, Senior Economist, Revenue and Tax Policy Unit, Ministry of Finance and Economic Development

Readers of this report may wish to review a similar report undertaken for NEITI in Nigeria by the Revenue Watch Institute (now the NRGi). This report includes reference to international good practice for many of the core EITI 2013 Standards.

Chapter 2: Gap Analysis

Part I: MSG Oversight

Government Oversight

EITI 2013 Standard Requirements 1.1 – 1.3

The government is required to issue an unequivocal public statement of its intention to implement the EITI.

The government is required to appoint a senior individual to lead the implementation of the EITI.

The government is required to commit to work with civil society and companies, and establish a multi-stakeholder group to oversee the implementation of the EITI.

Gap Analysis

As noted in the 2012 Validation Report, Requirements 1 – 3 of the EITI Rules (2011) that correspond (albeit in different order) have been met. The Government of Sierra Leone (GoSL) has regularly expressed a commitment to EITI. By accepted precedent, the State House Chief of Staff is the SLEITI champion. The former SLEITI champion, Dr. Keifala Marrah, is now the Minister of Finance and Economic Development, which is testimony to the significance of the role. Moreover, at the launch of the 2011 Report in Jan 2014 and at the November 6th 2014 meeting between SLEITI & the President, the latter on both occasions pledged the GoSL's commitment to support the EITI.

Recommendations

This requirement is met.

Stakeholder Engagement

EITI 2013 Standard Requirements 1.3

"The government is required to commit to work with civil society and companies, and establish a multi-stakeholder group to oversee the implementation of the EITI.

- a) The government, companies and civil society must be fully, actively and effectively engaged in the EITI process.
- b) The government must ensure that there is an enabling environment for company and civil society participation with regard to relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI. The fundamental rights of civil society and company representatives substantively engaged in the EITI, including but not restricted to members of the multi-stakeholder group, must be respected.
- c) The government must ensure that there are no obstacles to civil society or company participation in the EITI process.
- d) The government must refrain from actions, which result in narrowing or restricting public debate in relation to implementation of the EITI.
- e) Stakeholders, including but not limited to members of the multi-stakeholder group must:
 - i. Be able to speak freely on transparency and natural resource governance issues.
 - ii. Be substantially engaged in the design, implementation, monitoring and evaluation of the EITI process, and ensure that it contributes to public debate.
 - iii. Have the right to communicate and cooperate with each other.
 - iv. Be able to operate freely and express opinions about the EITI without restraint, coercion or reprisal.

f) In establishing the multi-stakeholder group, the government must:

i. Ensure that the invitation to participate in the group is open and transparent.

ii. Ensure that stakeholders are adequately represented. This does not

mean that they need to be equally represented numerically. The multi-stakeholder group must comprise appropriate stakeholders, including but not necessarily limited to: the private sector; civil society, including independent civil society groups and other civil society such as the media and unions; and relevant government entities which can also include parliamentarians. Each stakeholder group must have the right to appoint its own representatives, bearing in mind the desirability of pluralistic and diverse representation. The nomination process must be independent and free from any suggestion of coercion. Civil society groups involved in the EITI as members of the multi-stakeholder group must be operationally, and in policy terms, independent of government and/or companies.

iii. Ensure that senior government officials are represented on the multi-stakeholder group.

iv. Consider establishing the legal basis of the group.

g) The multi-stakeholder group is required to agree clear public Terms of Reference (ToRs) for its work. The ToRs should at a minimum include provisions on:

The role, responsibilities and rights of the multi-stakeholder group:

- i. Members of the multi-stakeholder group should have the capacity to carry out their duties.
- ii. The multi-stakeholder group should undertake effective outreach activities with civil society groups and companies, including through communication such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI and the central role of companies and civil society. The multi-stakeholder group should also widely disseminate the public information that results from the EITI process such as the EITI Report.
- iii. Members of the multi-stakeholder group should liaise with their constituency groups."

Gap Analysis

Currently, an MOU signed in 2011 is the basis for the MSG. In addition, the SLEITI MSG has a Code of Conduct. As noted in the second validation report, "The first Validation report did stress the fact that section 159 and 160 of the Mines and Minerals Act 2009 do not make explicit reference to EITI criteria, therefore SLEITI has no legal mandate to ensure its relevance in the long term". The second validation report noted that the enactment of a SLEITI law had been included in the Work Plan. Furthermore, an EITI bill was proposed in 2012 but has not yet become law. The second validation report also notes that the SLEITI Secretariat has not been fully staffed since March 2012 and faces challenges in operational duties (these have now been resolved).

What is not fully clear is the relationship between SLEITI, the MSG and the Extractive Industries Revenue Taskforce (EIRT). The EIRT was set up in 2011, with an Information Sharing Agreement signed that year. This agreement granted the EIRT the authority to share all information on mining companies between the National Revenue Authority (NRA), the Ministry of Finance and Economic Development (MoFED) and the Ministry of Mines & Mineral Resources (MMMR) without the need to request permission from a higher authority – including company identifiers, contact information, mining agreements, tax agreements and exemptions, payments, receipts and cashbooks.

While this marked good progress, there appears to be an opportunity to consolidate efforts and shift to a more strategic level, creating a transparency framework as stipulated in the mining law. A first step would be for a TOR or MOU to be signed which formalises relationships between the NRA, MoFED, MMMR, NMA and SLEITI – in effect an updated and more substantive version of the Information Sharing Agreement. A next step, to complement the annual EIRT operational plans, would be for a longer-term (for example, between three to five years) strategic plan to be developed, which includes among other things clarification of the role of the SLEITI secretariat vis-à-vis the EIRT; a roadmap for the development of the online repository bearing in mind points from elsewhere in this report - such as the EITI encouraged requirement that a continuous reporting framework be developed.

Essentially, the EIRT has often been doing the work, which SLEITI would be doing in an ideal world (i.e. the reconciliation/ sharing of revenue data necessary for the Minerals Cadastre Administration System (MCAS) within the National Minerals Agency (NMA). This is because the EIRT was generally functional whilst the MSG generally wasn't.

Meanwhile, in terms of the SLEITI MOU itself, rather than update to be in line with the 2013 Standard, the preference among stakeholders is to push for the SLEITI bill to become law. This may well involve an updated version of the bill to be developed so that it is fully in line with the EITI 2013 Standard. One issue to note is in terms of corporate governance rules (on member election, decision-making and voting) to ensure that the MSG is an active and empowered body, with members encouraged to attend meetings (rather than rely on disempowered alternates) via carefully crafted rules on minimum attendance requirements.

Recommendations

This requirement is met. However, the expanded remit of SLEITI in the context of the 2013 Standard suggests it play a more formalised role in the EIRT going forwards, reconciling and sharing information gathered elsewhere (principally by the EIRT, which would focus on coordinating the physical and financial auditing of companies) as part of the annual reconciliation reporting process. This would remove the annual administrative burden of information collection via an appointed Independent Administrator from the SLEITI Secretariat). An opportunity for a more strategic and longer-term approach to the development of the EIRT and its relationship to SLEITI now exists, beginning with a data exchange agreement which facilitates the automation of data (an encouraged provision (6.2.c) within the EITI 2013 Standard).

Meanwhile, it is also recommended that the draft SLEITI legislation is updated to be in line with the EITI 2013 Standard, particularly in terms of MSG corporate governance rules and good practice (on attendance, decision-making and voting etc.)

Work Plan

EITI 2013 Standard Requirements 1.4

“The workplan must:

- a) Set EITI implementation objectives that are linked to the EITI Principles and reflect national priorities for the extractive industries. Multi-stakeholder groups are encouraged to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business.
- b) Reflect the results of consultations with key stakeholders, and be endorsed by the multi-stakeholder group.
- c) Include measurable and time bound activities to achieve the agreed objectives. The scope of EITI implementation should be tailored to contribute to the desired objectives that have been identified during the consultation process.

The workplan must:

- i. Assess and outline plans to address any potential capacity constraints in government agencies, companies and civil society that may be an obstacle to effective EITI implementation.
- ii. Address the scope of EITI reporting, including plans for addressing technical aspects of reporting, such as comprehensiveness and data reliability (Requirements 4 and 5).
- iii. Identify and outline plans to address any potential legal or regulatory obstacles to EITI implementation, including, if applicable, any plans to incorporate the EITI Requirements within national legislation or regulation.
- d) Identify domestic and external sources of funding and technical assistance where appropriate in order to ensure timely implementation of the agreed workplan.
- e) Be made widely available to the public, for example published on the national EITI website and/or other relevant ministry and agency websites, in print media or in places that are easily accessible to the public.
- f) Be reviewed and updated annually. In reviewing the workplan, the multi-stakeholder group should consider extending the detail and scope of EITI reporting including addressing issues such as revenue management and expenditure (3.7-3.8), transportation payments (4.1.f), discretionary social expenditures (4.1.e), ad-hoc sub-national transfers (4.2.e), beneficial ownership (3.11) and contracts (3.12). In accordance with Requirement 1.3 (g)(viii), the multi-stakeholder group is required to document its discussion and decisions.
- g) Include a timetable for implementation that is aligned with the reporting and Validation deadlines established by the EITI Board (see 1.6), and that takes into account administrative requirements such as procurement processes and funding.”

Gap Analysis

In order to comply with the EITI 2013 Standard, the work plan will need to be updated. A key input to the updated work plan will be the recommendations of this report.

Recommendations

This requirement is not met, as the current SLEITI work plan does not adequately prepare the initiative for the 2013 Standard. The core recommendations of this report (as listed in the Executive Summary above) should be incorporated into the updated SLEITI work plan. In addition, the SLEITI work plan should review the EIRT Operational Plan to see where there can be collaboration and to avoid both overlaps and gaps in required activities. Meanwhile, it is also recommended that the MSG consider developing a 5 year strategic plan for SLEITI (possibly along with a 3 year medium term framework) within which the annual work plans are devised. The strategic plan and medium term framework could be refreshed and updated each year as part of the preparation of each year's work plan. Care must be taken however to ensure that the 5 year strategic plan is firmly guided by the national government's Agenda For Prosperity (AFP) framework, rather than a standalone strategy.

Part II: EITI Disclosures

Award of Contracts and Licences

1. Legal Framework and Fiscal Regime

EITI 2013 Standard Requirement 3.2

“The EITI Report must describe the legal framework and fiscal regime governing the extractive industries.

- a) This information must include a summary description of the fiscal regime, including the level of fiscal devolution, an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies.
- b) Where the government is undertaking reforms, the multi-stakeholder group is encouraged to ensure that these are documented in the EITI Report.”

Gap Analysis

Section 2.6.1 of the 2008-10 Reconciliation Report includes a review of the 2009 Mines and Minerals Act, including licence types, royalties, taxes and fees payable. A similar level of analysis was included in the 2011 Reconciliation Report in section 2.1.2. However, from the combined analysis, it is not clear what variance there is between the fiscal requirements of the law and existing or planned agreements (for example, whether existing agreements have stability clauses or a tax holiday period). There is no analysis of the level of fiscal devolution, or overview of relevant other laws and regulations, nor is there any information on the roles and responsibilities of relevant government agencies. There is also no analysis of where the government is undertaking reforms in the two most recent reconciliation reports.

MCAS resides within the National Minerals Agency (NMA) and currently includes details on the tax structure of various large-scale mining agreements (London Mining/Timis Corporation, Tonkolili Iron Ore, Koidu Holdings, Sierra Holdings 1 and Sierra Rutile). There is no GoSL analysis of the variance between the 2009 law and the large scale mining agreements, although differences have been noted elsewhere and it appears that the 2009 law does not apply to all new mining agreements.²

This information is also due to go up on the Online Repository early next year.

Recommendations

This requirement is not met. Either the next SLEITI reconciliation report (for 2013, if it is too late in the procurement for the 2012 report) needs to have a full analysis of the legal framework and fiscal regime, or it should be commissioned and procured separately. This analysis does not need to be repeated in subsequent reports, unless and until there have been significant changes to either. In addition, there needs to be an assessment of the level of fiscal devolution (if any), an overview of *all* relevant laws and regulations as well as information on the roles and responsibilities of the relevant government agencies. Finally, there also should be commissioned (or included as part of the next EITI reconciliation report) an assessment of the variance between the fiscal and legal requirements of the 2009 law and actual mining agreements. Note that the MoFED mining revenue forecasting model will contain easily comparable data showing major fiscal terms of contracts which could be used as an input for this requirement.

2. Licence Registry

EITI 2013 Standard Requirement 3.9

“Implementing countries are required to maintain a publicly available register or cadastre system(s) with the following timely and comprehensive information regarding each of the licenses pertaining to companies covered in the EITI Report:

- I. License holder(s).

² See for example <http://www.christianaid.org.uk/pressoffice/pressreleases/april-2012/new-sierra-leone-mining-deal-undermines-the-law.aspx>

- II. Coordinates of the license area.
- III. Date of application, date of award and duration of the license.
- IV. In the case of production licenses, the commodity being produced.”

It is expected that the license register or cadastre includes information about licenses held by all entities, including companies and individuals or groups that are not included in the EITI Report, i.e. where their payments fall below the agreed materiality threshold.

Where the information set out in 3.9(b) is already publicly available, it is sufficient to include a reference or link in the EITI Report. Where such registers or cadastres do not exist or are incomplete, the EITI Report should disclose any gaps in the publicly available information and document efforts to strengthen these systems. In the interim, the EITI Report itself should include the information set out in 3.9(b) above.”

Gap Analysis

The MCO transitioned from the Ministry to the NMA in 2013. A core tool of the MCO is the Mining Cadastre Administration System (MCAS). MCAS is a web-based software application that supports the NMA in mineral rights management. MCAS manages the full lifecycle of a mining right, from application through approval, licensing, renewals and finally expiration. New features of Version 3.1 of MCAS include that the system now tracks all payments made, payments outstanding, royalties, production reports, and contract terms to ensure compliance of licence holders. Version 3.1 also has the facility to generate EITI reports on the fly. Meanwhile, associated with MCAS is the Sierra Leone Online Repository System (SLORS), which was launched in January 2012 – the first online mining database in West Africa. The system allows all revenue data for Sierra Leone’s extractive sector to be published online and currently includes 496 exploration licences, 25 large-scale mining agreements and 112 small-scale mining licences.³ For each mining licence, the repository includes details of the licence holder, the geographical coordinates of the mining licence, the status of the project as well as the application and expiry date of the licence. The last update on licences took place on 15/11/14 (exporter info was last updated 11/12/13). The NMA has now migrated to MCAS 3.0 which has additional functions and modules (and could include information on geological data). The Mining Cadastre Office (MCO) will now be able to upload data onto the repository themselves. In addition, a royalties/exports/production data module showing calculations of royalties against what the companies have actually paid will be introduced from this year.

When used in conjunction with the SLORS, all licence and payment data can be exchanged via XML and be made available online to relevant stakeholders. The NMA has also recently received Android-based devices that will be used for field monitoring.

However, neither MCAS nor SLORS includes any information on petroleum exploration licences. It is not clear what plans there are to develop the equivalent of MCAS or SLORS for petroleum, however, in the era of low commodity prices (including oil), it makes good sense to integrate petroleum licence information within MCAS, provided that any potential institutional or political barriers to doing so can be overcome.

Recommendations

This requirement is met and sets the standard for other EITI implementing countries to follow. The new data recorded in MCAS and published in the SLORS will support the new EITI standard, making public production data, beneficiary data and the fiscal terms of mining contracts.

However, it is recommended (for cost effectiveness reasons) that petroleum licence information be included within a future version of MCAS – enabling the Petroleum Directorate to have access to the petroleum licence information database only (and the NMA to mining licence information only).

3. Licence Allocation

EITI 2013 Standard Requirement 3.10a – d.

“Implementing countries are required to disclose information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report, including: a description of the process for transferring or awarding the license; the

³ See <http://sierraleone.revenuesystems.org/desktop/desktop?workSpaceId=284048#> (accessed in December 2014)

technical and financial criteria used; information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; and any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards.

Where licenses are awarded through a bidding process during the accounting period covered by the EITI Report, the government is required to disclose the list of applicants and the bid criteria.

Where the requisite information set out in 3.10(a) and 3.10(b) is already publicly available, it is sufficient to include a reference or link in the EITI Report.”

Encouraged Disclosures 3.10.d

“The multi-stakeholder group may wish to include additional information on the allocation of licenses in the EITI Report, including commentary on the efficiency and effectiveness of these systems.”

Gap Analysis

In line with Section 27 of the 2009 Mines and Minerals Act, mineral rights in Sierra Leone are allocated on a first come first serve basis via an application to the MCO and review and approval by the Minerals Advisory Board (MAB). There is no provision for competitive tendering/bidding. The process for acquiring and transferring a licence is adequately described in the law and the brief guidelines for each licence type. The status of progress in applying for a licence is recorded on MCAS. However, what is not currently available is information on the technical and financial criteria used by the MAB for specific mining agreements, or information about consortium members where this applies. It is understood that detailed regulations for the 2009 law exist, but that they are not yet available online. Therefore, it was not possible to determine what additional detail the regulations provide in terms of the licence allocation process.

Apart from application requirements to document company competence there is an assumption of financial ability to invest in exploration/mining; companies commit themselves to invest. This is where the government needs to be strict on following up to ensure compliance, particularly for exploration.

Licence allocation remains a sensitive issue in Sierra Leone, with CSOs viewing periodic name changes of companies as a form of tax evasion (companies obtaining tax concessions while concealing their relationship to the previous owner). However GoSL officials reject this claim.

The 2011 Petroleum Act sets up a system of award of petroleum licences by competitive bidding. However, there was insufficient time during the research for this report to analyse the technical and financial criteria used to award the existing offshore exploration licences.

Recommendations

This requirement is not met. More information on the specific technical and financial criteria used to award specific mining and petroleum licences must be disclosed in future EITI reconciliation reports (and included within MCAS for the mining sector).

A review of the efficiency and effectiveness of the licence allocation process (the capacity, efficiency and effectiveness of the MAB) is also encouraged, whether in the next EITI reconciliation report or as a separately commissioned study.

4. Beneficial Ownership

EITI 2013 Standard Requirements 3.6c, 3.11

“It is recommended that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity(ies) that bid for, operate or invest in extractive assets, including the identity(ies) of their beneficial owner(s) and the level of ownership. Where this information is already publicly available, e.g., through filing to corporate regulators and stock exchanges, the EITI Report should include guidance on how to access this information.”

“Where such registers do not exist or are incomplete, it is recommended that implementing countries request companies participating in the EITI process to provide this information for inclusion in the EITI Report.”

“...it was agreed that the EITI will in the future require disclosure of beneficial ownership. Subject to successful piloting, the EITI Board will develop detailed provisions with a view to make this a requirement from 1 January 2016.”

Gap Analysis

The upgraded (version 3) MCAS system enables each licence to have a customer profile which includes information on shareholders, to provide information on beneficiaries. It is also planned that MCAS will be linked in some to be defined way with www.opencorporates.com - the largest open database of companies in the world. Meanwhile, the DanWatch report 'Not Sharing the Loot' contains details on ownership structures of SL mining companies and displays relationship to tax havens.⁴ However, as noted for the licence registry analysis above, MCAS does not currently include petroleum and therefore has no information (or current database capability) for oil and gas exploration immediate and beneficial ownership.

As is well known, beneficial ownership is linked to certain "tax efficiency" practices such as transfer pricing (sometimes known as transfer mispricing) – where profits are concealed by exaggerating costs. MOFED and the NRA have recently set up an Extractive Industry Revenue unit, to examine transfer-pricing practices. MOFED opposes transfers between non arms-length companies.

Recommendations

The beneficial ownership requirements within the EITI 2013 Standard are not mandatory, however, the module that will be added to MCAS and planned link to the Open Corporates database are a welcome step in the direction of full beneficial ownership analysis. It is also recommended that this information is also made available on the online repository. Meanwhile, the GoSL should consider whether MCAS can be extended to provide services for the Petroleum Directorate, which would also include beneficial ownership fields.

5. Contract Disclosure

EITI 2013 Standard Requirements 3.12b.

"It is a requirement that the EITI Report documents the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include relevant legal provisions, actual disclosure practices and any reforms that are planned or underway.

Where applicable, the EITI Report should provide an overview of the contracts and licenses that are publicly available, and include a reference or link to the location where these are published.

Encouraged Disclosures 3.12a.

"Implementing countries are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals."

Gap Analysis

While section 159 of the 2009 Mines and Minerals Act stipulates that the Minister will develop a framework for transparency in the reporting and disclosure of extractive revenues, there is nothing in the law with reference to the disclosure of contracts and licences. There is currently no GoSL policy on contract disclosure.

Provisions on contract disclosure were laid out in provision 56 of the Extractive Industries Revenue bill, which has not been passed and according to stakeholders, is not likely to be passed in the near future due to a variety of reasons (including a clash with the Petroleum Directorate over which agency should be responsible for revenue collection and company resistance to a windfall profits tax). The clause noted that once passed by parliament, both mining and petroleum licences must be published in their entirety in the Gazette and also be publicly available. While the SLEITI bill focuses more on corporate governance and administrative matters (the composition of the MSG and the functions of the SLEITI Secretariat), there is reference in an objectives and scope section, "To promote the public disclosure of contracts and concessions bearing relationship with the extraction of mineral and other extractive resources."

⁴ http://www.resourcegovernance.org/sites/default/files/Not_Sharing_the_Loot.pdf

However, all the active large-scale mining agreements are uploaded in full on the NMA website⁵

- African Minerals Ltd.
- London Mining Company (now Timis Corporation)
- Koidu Holdings SA
- Sierra Minerals Holdings
- Sierra Rutile Ltd.
- Tonguma Ltd.

They (including the fiscal components) will also be added to the SLORS early next year.

Recommendations

This requirement is not met. In place of the Extractive Industries Revenue bill, the GoSL should consider options for developing a policy and/or legal amendments on the disclosure of contracts and licences as part of the transparency framework referenced in section 159 of the Mines and Minerals Act in order to comply with requirement 3.12b. Should an Extractive Industries Revenue bill be proposed in future, care should be taken to ensure that it is in step with the EITI bill.

6. State Participation

EITI 2013 Standard Requirements 3.6a-c

"Where state participation in the extractive industries gives rise to material revenue payments, the EITI Report must include:

a) An explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g. the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing.

b) Disclosures from SOE(s) on their quasi-fiscal expenditures such as payments for social services, public infrastructure, fuel subsidies and national debt servicing. The multi-stakeholder group is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.

c) disclosures from the government and SOE(s) of their level of beneficial ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period. This information should include details regarding the terms attached to their equity stake, including their level of responsibility to cover expenses at various phases of the project cycle, e.g., full-paid equity, free equity, carried interest. Where there have been changes in the level of government and SOE(s) ownership during the EITI reporting period, the government and SOE(s) are expected to disclose the terms of the transaction, including details regarding valuation and revenues. Where the government and SOE(s) have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed in the EITI Report."

Gap Analysis

There is no state participation in the mining sector in Sierra Leone. However, Sierra Rutile has made a peculiar arrangement with the government of Sierra Leone regarding PAYE tax from its employees. The company withholds money from salaries to employees, but they are not forwarded to the government in cash. Instead, the government

⁵ <http://www.nma.gov.sl/index.php?l=english&p=53&pn=Mining%20Agreements>

receives shares in Sierra Rutile amounting to the value of PAYE. This amounts to a form of state participation which should be assessed within the 2012 report and subsequent reports.

Meanwhile, there are provisions within the 2011 Petroleum Act to set up a national oil company in Sierra Leone. This has not been done yet.

Recommendations

This requirement is not applicable to Sierra Leone, however, the Sierra Rutile cash-for-shares system should be assessed in future reports

Monitoring and Production

1. Extractive Sector Overview

EITI 2013 Standard Requirements 3.3

“The EITI Report should provide an overview of the extractive industries, including any significant exploration activities.”

Gap Analysis

There is a two-page overview in the 2012 Validation Report and a paragraph in the second and third reconciliation reports.

Recommendations

This requirement is met, however the MSG should consider whether a more extensive overview of the extractive sector in Sierra Leone should be provided in the next reconciliation report.

2. Production & Export Data

EITI 2013 Standard Requirements 3.5a

“The EITI Report must disclose production data for the fiscal year covered by the EITI Report, including Total production volumes and the value of production by commodity, and, when relevant, by state/region.”

EITI 2013 Standard Requirements 3.5b

“The EITI Report must disclose production data for the fiscal year covered by the EITI Report, including total export volumes and the value of exports by commodity, and, when relevant, by state/region of origin.”

Gap Analysis

Production data and export data are now available on MCAS and have partly been filled in for 2013 and 2014. Information is based on invoices received by the NMA. Details include record date, invoice no, volume, material, grade, unit and price. Royalties can be calculated from this information. There is also a text box when one can type in the amount that was actually paid, thereby being able to compare royalty calculation against what has actually been paid. The difference should be the deductions for aspects such as water moisture content.

Recommendations

This requirement is met. The NMA should submit full information to the appointed Administrator in time for the next reconciliation report.

Revenue Collection

1. Comprehensiveness

EITI 2013 Standard Requirements 4.1a, 4.2a-b

“Defining the taxes and revenues to be covered in the EITI Report. In advance of the reporting process, the multi-stakeholder group is required to agree which payments and revenues are material and therefore must be disclosed, including appropriate materiality definitions and thresholds. Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the EITI Report. A description of each revenue stream, related materiality definitions and thresholds should be included in the EITI Report. In establishing materiality definitions and thresholds, the multi-stakeholder group should consider the size of the revenue streams relative to total revenues. The multi-stakeholder group should document the options considered and the rationale for establishing the definitions and thresholds.”

“Defining which companies and government entities are required to report. The EITI Report must provide a comprehensive reconciliation of government revenues and company payments, including payments to and from state owned enterprises, in accordance with the agreed scope (Requirement 4.1). All companies making material payments to the government are required to comprehensively disclose these payments in accordance with the agreed scope. An entity should only be exempted from reporting if it can be demonstrated that its payments and revenues are not material. All government entities receiving material revenues are required to comprehensively disclose these revenues in accordance with the agreed scope. Unless there are significant practical barriers, the government is additionally required to provide, in aggregate, information about the amount of total revenues received from each of the benefit streams agreed in the scope of the EITI Report, including revenues that fall below agreed materiality thresholds. Where this data is not available, the Independent Administrator should draw on any relevant data and estimates from other sources in order to provide a comprehensive account of the total government revenues.”

Gap Analysis

The 2012 Validation Report found that Requirement 9 under the 2011 Rules, “The multi-stakeholder group is required to agree a definition of materiality and of the reporting templates” was not met. The Validator found that although the SLEITI MSG defined materiality thresholds, they were not justified. Furthermore, the Validator found that the scope of the revenue streams lacked comprehensiveness. It was not clear to the Validator why two large scale mining companies, 3 oil companies, 50 small scale mining companies and 3 dealers were left out of the reconciliation report. 27 non-reporting small-scale companies made payments above the materiality threshold of \$4,000 and collectively contributed approximately \$572,000. However, following on from a scoping study exercise, the MSG agreed (at a meeting in November 2013) that a materiality threshold of \$99,360 for mining companies would capture 87% of total revenues to government. This was felt to be a good trade off between an efficient reporting process and comprehensive disclosure. Further investigation found that four companies were no longer operating and one of the dealers had had its licence suspended. In the end, in fact only one company did not report – Lion Stones – but this was because the reconciliation process had stopped accepting new data. Furthermore, operating companies are now subject to mandatory reporting requirements under the 2009 Mines and Minerals Act and the Petroleum Exploration and Production Act 2011.

Recommendations

Comprehensiveness was included as the first, third and fourth of the four remedial actions reviewed by the International EITI Secretariat. In their report of April 2014, these requirements were judged to be met. This report therefore also finds this requirement to be met.

2. Disaggregation

EITI 2013 Standard Requirements 5.2e

“The multi-stakeholder group is required to agree the level of disaggregation for the publication of data. It is required that EITI data is presented by individual company, government entity and revenue stream. Reporting at project level is

required, provided that it is consistent with the United States Securities and Exchange Commission rules and the forthcoming European Union requirements.”

Gap Analysis

While the 2012 pre-reconciliation data made available for this report disaggregates data by company and revenue stream, there is no data for each government entity yet available, and the data does not appear to be disaggregated to the project level. For example, total payments by Marampa Iron Ore are given, but this is not further broken down into the two active exploration licences which the company holds (which the SLORS gives as EL46A/2011 and EL46B/2011). Apparently tax payments cannot be disaggregated to the project level based on data supplied to the NRA – companies pay tax based on their total operations, not for each licence. Furthermore, full disaggregation would require that payments are broken down by company *for each revenue stream at the project level* (i.e. the different types of payments company X paid at project A, project B etc.). At present, the pre-reconciliation data aggregates payment type data – only providing the total paid in corporate tax, royalties etc. What is required is that each payment type is also disaggregated by company to the project level. The information is apparently available to the NMA, but not produced on MCAS.

The EIRT was considering establishing a Monthly Mining Revenue Report (MMRR), which would disaggregate such revenues. This was early 2013 however and it is not clear what progress has been made.

Recommendations

This requirement is not met. The 2013 Standard requires fully disaggregated data, by payment type to the project level of each company. It is not clear whether this level of disaggregation is available from existing sources. Again, it is not clear whether a similar level of detail exists in government reports for the seven agencies required to report: the NRA, MoFED, the Ministry of Mines and Mineral Resources, the Petroleum Directorate, District Councils, Chiefdom Administrations and local governments.

3. Taxes and Other Payments

EITI 2013 Standard Requirements 4.1b

“The following revenue streams should be included:

- i. The host government’s production entitlement (such as profit oil).
- ii. National state-owned enterprise production entitlement.
- iii. Profits taxes.
- iv. Royalties.
- v. Dividends.
- vi. Bonuses, such as signature, discovery and production bonuses.
- vii. Licence fees, rental fees, entry fees and other considerations for licences and/or concessions.
- viii. Any other significant payments and material benefit to government.

Any revenue streams or benefits should only be excluded where they are not applicable or where the multi-stakeholder group agrees that their omission will not materially affect the comprehensiveness of the EITI Report.”

Gap Analysis

The 2011 Reconciliation Report included aggregated data on all main extractive sector revenue types (ten types for mining and six types for petroleum).

RDF has compiled 2012 revenue data that could be used during the 2012-13 report pre-reconciliation. This data includes 24 payment types:

Payment type	Payment type
Annual Licence fee	Payroll
Application Fee	Primary Licence fee
Application Fee for a Transfer	Primary Licence Fee (Supplementary Balance Payment)
Application fee for Dredging Permit	Processing Fee
Company Registration	Receipts
Corporate Tax	Rehabilitation Fund
Ecowas Levy	Renewal Annual Payment
Goods & Services Tax	Royalty
Import Duty	Withholding 10%
Monitoring Fund	Withholding 5%
NRA Fee (Income Tax)	Withholding Income Tax
PAYE	Export Duty

Not included (but referred to in the EITI 2013 Standard) are surface rent, dividends and bonuses. Also noted during the presentation of the draft version of this report that are currently missing from reconciliation reports are payments to the Environment Protection Agency (EPA) for environment licences.

Recommendations

This indicator is met, however SLEITI should clarify whether there are any material dividend or bonus payments (in the mining sector) in the next reconciliation report. Also, payments to the EPA should be reconciled in future EITI reports.

4. In Kind Revenues

EITI 2013 Standard Requirements 4.1c

“Where the sale of the state’s share of production or other revenues collected in-kind is material, the government, including state-owned enterprises, are required to disclose the volumes sold and revenues received.”

Encouraged Disclosures 4.1c

“Reporting could also break down disclosures by the type of product, price, market and sale volume.”

“Where practically feasible, the multi-stakeholder group is encouraged to task the Independent Administrator with reconciling the volumes sold and revenues received by including the buying companies in the reporting process.”

Gap Analysis

There are no in-kind revenues from production sharing agreements in Sierra Leone, therefore this requirement does not apply.

Recommendations

This requirement does not apply to Sierra Leone.

5. Transport Revenues

EITI 2013 Standard Requirements 4.1f

“Transportation: Where revenues from the transportation of oil, gas and minerals constitute one of the largest revenue streams in the extractive sector, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received. The published data must be disaggregated to levels commensurate with the reporting of other payments and revenue streams (Requirement 5.2.e). The EITI Report could include:

- i. A description of the transportation arrangements including: the product; transportation route(s); and the relevant companies and government entities, including SOE(s), involved in transportation.
- ii. Definitions of the relevant transportation taxes, tariffs or other relevant payments, and the methodologies used to calculate them.
- iii. Disclosure of tariff rates and volume of the transported commodities.
- iv. Disclosure of revenues received by government entities a SOE(s), in relation to transportation of oil, gas and minerals.
- v. Where practicable, the multi-stakeholder group is encouraged to task the Independent Administrator with reconciling material payments and revenues associated with the transportation of oil, gas and minerals.”

Gap Analysis

There are no transport revenues from the extractive sector in Sierra Leone, therefore this requirement does not apply. However, the MSG may wish to consider the case of the African Minerals’ owned railway to Pepel port, which apparently is owned by an African Minerals subsidiary.

Recommendations

This requirement does not apply to Sierra Leone.

6. Infrastructure/Barter Arrangements

EITI 2013 Standard Requirements 4.1d

“The multi-stakeholder group and the Independent Administrator are required to consider whether there are any agreements, or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities. Where the multi-stakeholder group concludes that these agreements are material, the multi-stakeholder group and the Independent Administrator are required to ensure that the EITI Report addresses these agreements, providing a level of detail and transparency commensurate with the disclosure and reconciliation of other payments and revenues streams. Where reconciliation of key transactions is not feasible, the multi-stakeholder group should agree an approach for unilateral disclosure by the parties to the agreement(s) to be included in the EITI Report.

The multi-stakeholder group and the Independent Administrator will need to gain a full understanding of: the terms of the relevant agreements and contracts, the parties involved, the resources which have been pledged by the state, the value of the balancing benefit stream (e.g. infrastructure works), and the materiality of these agreements relative to conventional contracts.”

Gap Analysis

There are no infrastructure/barter arrangements for mining agreements in Sierra Leone, therefore this requirement does not apply. However if an agreement with Kingho still goes ahead, this may involve the building of infrastructure which will not be for its exclusive use.

Recommendations

This requirement does not (at the moment) apply to Sierra Leone. However, the Kingho project is a prospect for infrastructure arrangements in future.

7. Sub-national Direct Payments

EITI 2013 Standard Requirements 4.2d

“It is required that the multi-stakeholder group establish whether direct payments, within the scope of the agreed benefit streams, from companies to subnational government entities are material. Where material, the multi-stakeholder group is required to ensure that company payments to subnational government entities and the receipt of these payments are disclosed and reconciled in the EITI Report.”

Gap Analysis

The only direct payment from mining companies to sub-national entities is surface rent. The Second Reconciliation Report notes that surface rent is paid in three ways: the total amount to the District Council; the total amount to the Chiefdom Administration (which then pays the District Council); or the company pays to District Councils, Chiefdom Administrations and individual landowners according to a set formula. This information was all captured in the reporting templates (with payments of surface rents to individual landowners and Paramount Chiefs exempt). It was found that there were many discrepancies due to a lack of information and documentation at the sub-national level (e.g. within the Chiefdom Administrations). The International EITI Secretariat review notes that surface rent payments from mining companies to District Councils only amounts to 2% of total revenue in 2011.

During the presentation of the draft version of this report to stakeholders in Freetown, the issue was raised of other direct payments, such as property tax. The MSG may wish the appointed Independent Administrator to examine this issue.

Recommendations

This requirement is met.

8. SOE/Government Transactions

EITI 2013 Standard Requirements 4.2c

“The multi-stakeholder group must ensure that the reporting process comprehensively addresses the role of SOEs, including material payments to SOEs from oil, gas and mining companies, and transfers between SOEs and other government agencies.”

Gap Analysis

There are no SOEs in the extractive sector in Sierra Leone, therefore this requirement does not apply.

Recommendations

This requirement does not apply to Sierra Leone.

Revenue Management and Distribution

1. Sub-National Transfers

EITI 2013 Standard Requirements 4.2e

“Where transfers between national and sub-national government entities are related to revenues generated by the extractive industries and are mandated by a national constitution, statute or other revenue sharing mechanism, the multi-stakeholder group is required to ensure that material transfers are disclosed in the EITI Reports. The EITI Report should disclose the revenue sharing formula, if any, as well as any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant sub-national entity.”

Encouraged Disclosures (same requirement)

“The multi-stakeholder group is encouraged to reconcile these transfers. The multi-stakeholder group is encouraged to ensure that any material discretionary or ad-hoc transfers are also disclosed and where possible reconciled in the EITI Report.”

Gap Analysis

A defined share of the export tax collected for exports of diamonds and gold is distributed to sub-national entities. Under the Diamond Trading Act of 2009, diamond export licence holders are required to pay, as an export tax, 5% of the market value for rough diamonds worth less than \$500,000, and 15% for those worth more than this amount. 30% of diamond export tax is paid to the Diamond Areas Community Development Fund (DACDF), set up in 2001, which is intended to build community infrastructure, agricultural development and training.⁶ DACDF revenues are then allocated according to the number of licences in each area, to chiefdoms and district councils.

Recommendations

This requirement is not met and needs to be disclosed and reconciled (including an assessment of the performance of the DACDF) in the next reconciliation report.

2. Distribution of Revenues

EITI 2013 Standard Requirements 3.7a

“The EITI Report must describe the distribution of revenues from the extractive industries. The EITI Report should indicate which extractive industry revenues, whether cash or in-kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable, e.g., sovereign wealth and development funds, sub-national governments, state-owned enterprises, and other extra-budgetary entities.”

Gap Analysis

All extractive industry revenues to government currently go directly to the budget (there are no separate infrastructure/savings funds, apart from the Diamond Areas Community Development Fund mentioned immediately above). This information (specifically, the financial flows to the budget from the revenue collecting agencies) is not included in previous reconciliation reports, but could be gathered and submitted to the reconciler through the EIRT.

Recommendations

This requirement is not met and needs to be included in the next reconciliation report.

3. Information on Revenue Management

EITI 2013 Standard Requirements 3.8

“The Multi-stakeholder group is encouraged to include further information on revenue management and expenditures in the EITI Report, including:

- A description of any extractive revenues earmarked for specific programmes or geographic regions. This should include a description of the methods for ensuring accountability and efficiency in their use.
- A description of the country's budget and audit processes and links to the publicly available information on budgeting, expenditures and audit reports.
- Timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence. This may include the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector.”

⁶ See <http://documents.worldbank.org/curated/en/2009/01/11560544/simplified-handbook-government-sierra-leones-new-operational-procedures-guidelines-diamond-area-community-development-fund-dacdf>

Gap Analysis

There is no information in the previous EITI reports on revenues earmarked for specific programmes or geographic regions (such as the DACDF mentioned above), nor there is a description of the country's budget and audit processes. Again, it is not clear what evidence there is for the third bullet point – timely information from the government on revenue sustainability and natural resource dependence.

Recommendations

This requirement, while encouraged and not mandatory, is not met. The MSG may wish this requirement to be included in the next reconciliation report.

4. Review Audit and Assurance Practices

EITI 2013 Standard Requirements 5.2b

"In agreeing the Terms of Reference, the multi-stakeholder group and the Independent Administrator are required to:

b) Review audit and assurance practices. The multi-stakeholder group, in consultation with the Independent Administrator, is required to examine the audit and assurance procedures in companies and government entities participating in the EITI reporting process, including the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards*. It is recommended that the EITI Report includes a summary of the findings."

* (Footnote in the EITI 2013 Standard): "For companies: the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB). For public entities: the International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI)."

Gap Analysis

Under the former EITI 2011 Rules, Requirements 12 and 13 stipulated that both company and government disclosures for the reconciliation process are based on accounts audited to international standards. In terms of the EITI 2013 Standard, the approach has been modified. There are no direct equivalents of Requirements 12 and 13 in the new Standard; rather, Requirement 5b requires adherence to ISA for companies and ISSAI for government agencies.

Remedial Action 2 from the International Secretariat concerned EITI 2011 Rules Requirement 13. A letter from the Auditor General of Sierra Leone (from 8th July 2013) noted that, "...our approach in certifying the reporting templates is in accordance with our Audit manual which is based on International Standards of Supreme Audit Institutions (ISSAI). These standards require us to carry out our work on a test basis, assessing evidences supporting the amounts disclosed in the templates."

The MSG has also agreed that for small-scale mining companies, EITI templates should be signed off by the most senior company representative. It is noted that there is only one small-scale formally registered mining company operating in Sierra Leone at present. Also noted is that under the 2015 Finance Act, all SMEs must have company accounts. The NRA is setting up a separate department for SMEs to address this challenge.

Recommendations

This requirement is met. However, for the next reconciliation report, further work will be required, specifically, to examine the audit and assurance procedures in more depth (beyond letters from the appropriate bodies), together with an analysis and assessment of the relevant laws, regulations and current or planned reform projects.

Social and Economic Spending

1. SOE Quasi Fiscal Expenditure

EITI 2013 Standard Requirements 3.6b

"SOE(s) are required to report "their quasi-fiscal expenditures such as payments for social services, public infrastructure, fuel subsidies and national debt servicing. The multi-stakeholder group is required to develop a reporting process with a

view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.”

Quasi-fiscal expenditures include payments for “social services, public infrastructure, fuel subsidies and national debt servicing.”

Gap Analysis

There are no SOEs in the extractive sector in Sierra Leone therefore this requirement does not apply.

Recommendations

This requirement does not apply to Sierra Leone

2. Social Expenditure

EITI 2013 Standard Requirements 4.1e

“Where material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment, the EITI Report must disclose and, where possible, reconcile these transactions.

- i. Where such benefits are provided in-kind, it is required that the EITI Report discloses the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e. not a government agency, it is required that the name and function of the beneficiary be disclosed.
- ii. Where reconciliation is not feasible, the EITI Report should include unilateral company and/or government disclosures of these transactions.
- iii. Where the multi-stakeholder group agrees that discretionary social expenditures and transfers are material, the multi-stakeholder group is encouraged to develop a reporting process with a view to achieving transparency commensurate with the disclosure of other payments and revenue streams to government entities. Where reconciliation of key transactions is not possible, e.g., where company payments are in-kind or to a non-governmental third party, the multi-stakeholder group may wish to agree an approach for voluntary unilateral company and/or government disclosures to be included in the EITI Report.”

Gap Analysis

In section 4.15 of its mining agreement, London Mining Ltd (now known as Timis Corporation) records that it will comply with sections 138-141 of the Minerals Act in respect of its Community Development Agreement (CDA). African Minerals Group agrees to a similar claim in Article 20 of its agreement. However, neither CDA is publicly available and no information on social expenditure was recorded in the previous reconciliation report. Meanwhile, there are no plans to include CDA payments within MCAS or the SLORS at present. The civil society view is that CDAs are yet to be effectively implemented (progress was suspended due to the ebola outbreak). One of the challenges is that there is no enabling law for escrow accounts in Sierra Leone, to enable CDA funds to be kept separate from council budgets.

Recommendations

This requirement is not met. All mining agreements with CDA provisions must be fully disclosed and reconciled as far as possible in the next reconciliation report. In advance of the next report, it is recommended that SLEITI commission a short study on any possible obstacles to the full disclosure of CDA/CSR spend, with recommendations on how to surmount them.

3. Contribution to the Economy

EITI 2013 Standard Requirements 3.4d

“The EITI Report must disclose, when available, information about the contribution of the extractive industries to the economy for the fiscal year covered by the EITI Report. This information is expected to include...[e]mployment in the extractive industries in absolute terms and as a percentage of the total employment.”

Gap Analysis

While this information has not been provided in previous EITI reports, it would not be difficult (via the EIRT) to provide. Employment data may need to be included in the reporting templates for the next reconciliation report.

Recommendations

This requirement is not met and needs to be included in the next reconciliation report.

Part III: Outcomes and Impact

Public Debate

EITI 2013 Standard Requirements 6.1

“The multi-stakeholder group must ensure that the EITI Report is comprehensible, actively promoted, publicly accessible and contributes to public debate. Key audiences should include government, parliamentarians, civil society, companies and the media. The multi-stakeholder group is required to:

- a) Produce paper copies of the EITI Report, and ensure that they are widely distributed. Where the report contains extensive data, e.g. voluminous files, the multi-stakeholder group is encouraged to make this available online.
- b) Make the EITI Report available online and publicise its availability.
- c) Ensure that the EITI Report is comprehensible, including by ensuring that it is written in a clear, accessible style and in appropriate languages.
- d) Ensure that outreach events, whether organised by government, civil society or companies, are undertaken to spread awareness of and facilitate dialogue about the EITI Report across the country.”

Gap Analysis

In Section 4.1, the second validation report addresses the question of the impact of EITI in Sierra Leone and notes that an April 2012 perception survey indicated that close to 80% of respondents had not heard of EITI and 99% had not seen an EITI report.

Recommendations

This requirement has not been met. Much more communications and dissemination activity is required in the next SLEITI work plan and SLEITI must publish annual activity reports.

Data Accessibility

EITI 2013 Standard Requirements 5.3 & 6.2

“The Independent Administrator should produce electronic data files that can be published together with the EITI Report. Summary data from each EITI Report should be submitted electronically to the International Secretariat according to the standardized format provided by the International Secretariat.”

“The multi-stakeholder group is encouraged to make EITI Reports machine readable, and to code or tag EITI Reports and data files so that the information can be compared with other publicly available data. The multi-stakeholder group is encouraged to:

- a) Produce brief summary reports, with clear and balanced analysis of the information, ensuring that the authorship of different elements of the EITI Report is clearly stated.
- b) Summarise and compare the share of each revenue stream to the total amount of revenue that accrues to each respective level of government.
- c) Where legally and technically feasible, consider automated online disclosure of extractive revenues and payments by governments and companies on a continuous basis. This may include cases where extractive revenue data is already published regularly by government or where national taxation systems are trending towards online tax assessments and payments. Such continuous government reporting could be viewed as interim reporting, and as an integral feature of the national EITI process which is captured by the reconciled EITI Report issued annually.”

Gap Analysis

While summary reports of previous EITI reports have been produced, they are not available online. A comparison of extractive revenue streams to total government revenue streams at different levels of government has also not been published previously. Automated online disclosure should be considered by both SLEITI and the EIRT, but note that this requirement is not mandatory.

Recommendations

This requirement is not met and needs to be included in the next reconciliation report. Specifically, the next report must include machine-readable data, a summary report, a summary of revenue streams compared to total revenue to each level of government and, if possible, continuous online disclosure of revenues and payments.

Reference to Other Systems

EITI 2013 Standard Requirements 3.7b

“Multi-stakeholder groups are encouraged to reference national revenue classification systems, and international standards such as the IMF Government Finance Statistics Manual.”

Gap Analysis

At present SLEITI reconciliation reports do not reference either national or international classifications systems or standards.

Recommendations

This matter may be discussed by the SLEITI MSG in consideration for the next reconciliation report. The advantage of doing so is that SLEITI data becomes more relevant for public financial management in Sierra Leone, effectively helping to mainstream SLEITI data within government for more evidence-based policy making.

Lessons Learned

EITI 2013 Standard Requirements 7.1

“The multi-stakeholder group is required to take steps to act upon lessons learnt; to identify, investigate and address the causes of any discrepancies; and to consider recommendations for improvement from the Independent Administrator.”

Gap Analysis

The second Validation report notes the positive evolution of SLEITI in terms of the signed MoU, the updated TOR and Code of Conduct for the MSG and the staffing of the SLEITI Secretariat.

Recommendations

This requirement has been met. However, it is recommended that the MSG review the impact of EITI implementation on natural resource governance and ensure that civil society has been able to provide feedback on the ability of EITI reports to contribute to wider public debate

Outcomes and Impact

EITI 2013 Standard Requirements 7.2

The multi-stakeholder group is required to review the outcomes and impact of EITI implementation on natural resource governance.

- a) The multi-stakeholder group is required to publish annual activity reports. The annual activity reports must include:
- i. A summary of EITI activities undertaken in the previous year.
 - ii. An assessment of progress with meeting and maintaining compliance with each EITI requirement, and any steps taken to exceed the requirements. This should include any actions undertaken to address issues such as revenue management and expenditure (3.7-3.8), transportation payments (4.1.f), discretionary social expenditures (4.1.e), ad-hoc sub-national transfers (4.2.e), beneficial ownership (3.11) and contracts (3.12).
 - iii. An overview of the multi-stakeholder group's responses to and progress made in addressing the recommendations from reconciliation and Validation in accordance with Requirement 7.1.a. The multi-stakeholder group is encouraged to list each recommendation and the corresponding activities that have been undertaken to address the recommendations.
 - iv. An assessment of progress with achieving the objectives set out in its workplan (Requirement 1.4), including the impact and outcomes of the stated objectives.
 - v. A narrative account of efforts to strengthen EITI implementation, including any actions to extend the detail and scope of EITI reporting or to increase engagement with stakeholders.

Gap Analysis

SLEITI produced an activity report for 2013.⁷ This included a summary of activities, an assessment of progress against work plan targets and activities as set out in the work plan for the year, progress on addressing recommendations from previous reconciliation and validation reports as well as steps taken to exceed EITI requirements.

It is understood that SLEITI produced an annual activity report for 2014, but this report is not publicly available and therefore could not be reviewed in terms of compliance with the key points (i-v) made above

Recommendations

This requirement has been met.

⁷ <http://www.sleiti.gov.sl/admin/images/news/SLEITI%20Annual%20Activity%20Report%20%202013%20Final.pdf>

Annex



Annex 1: References

- SLEITI Second Reconciliation Report (2008-2010), Prepared by Boas & Associates, Ghana, published September 2012
- SLEITI Third Reconciliation Report (2011), prepared by Moore Stephens, published December 2013
- SLEITI Validation Report, prepared by CAC 75, France, published December 2012
- EITI Secretariat Review, prepared by the EITI International Secretariat, Norway, published April 2014
- Sierra Leone Online Repository (<http://sierraleone.revenuesystems.org>), accessed in December 2014
- 2012 pre-reconciliation data, prepared by the Revenue Development Foundation, accessed in December 2014
- Extractive Industries Revenue bill (2013)
- Draft SLEITI bill (2013)

Annex 2: Summary Value Chain Assessment

Part	Requirement	Provision no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/recommendation
I. MSG Oversight									
	Government oversight	1.1, 1.2, 1.3.f.iii	Mandatory	Public Statement Champion Senior govt officials	Yes	No	2012 Validation Report	No	At the launch of the 2011 Report in Jan 2014 and at the Nov 6 meeting between SLEITI & the President, the latter on both occasions pledged the GoSL's commitment to support the EITI.
	Stakeholder engagement	1.3	Mandatory		Yes	No	2012 Validation Report	No	
	Work plan	1.4	Mandatory		Yes	No	2012 Validation Report	No	The MSG may wish to consider developing a 5 year strategic plan (and 3 year medium term framework) in line with the Agenda for Prosperity, to ensure that annual work plans are strategically positioned to deliver incrementally on planned long-term impacts.
II. EITI Disclosures									
	Award of contracts and licences								

Part	Requirement	Provision no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Legal framework & fiscal regime	3.2	Mandatory	Summary description of fiscal regime (including level of fiscal devolution), roles and responsibilities of govt agencies. Reforms must be documented.	No	Yes	No	A more substantive study required (this can be separate from the reconciliation reports).	SLEITI should commission study
	Licence registry	3.9	Mandatory	Timely and comprehensive register which includes: > licence holder > coordinates > date of application, date of award, licence duration	Yes	No	Yes (Online repository/MCAS)	No.	There is apparently no licence registry for petroleum exploration companies. The MSG should engage the Petroleum Directorate on this issue.
	Licence allocation	3.10.a-c	Mandatory	>Description of licence allocation/transfer process, info about licence recipients. >In the case of bidding, disclosure of bid applicants and criteria.	No	No	No	EITI Reports need to include specific information on technical/financial criteria used (for mining and petroleum)	

Part	Requirement	Provision no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/recommendation
	Licence allocation commentary	3.10.d	Encouraged	Commentary on the efficiency and effectiveness of the licence allocation system.	No	No	No		SLEITI should either commission a survey/study or integrate within the next EITI Reconciliation Report (however, note that this requirement is only encouraged, not mandatory).
	Beneficial ownership	3.6.c, 3.11	Encouraged	A publicly available register of the beneficial owners of corporate entities involved in the extractive sector (including SOEs). >The MSG should define beneficial ownership.	No.	No	No		The new module MCAS 3.0 is in use now provides shareholder information and links up to opencorporates.com. The new version should also be integrated with the online repository
	Contract disclosure	3.12.a	Encouraged	Public disclosure of contracts and licences	Yes	No	7 Large-scale agreements are available on the NMA website ((http://www.nma.gov.sl/index.php?l=english&p=53&pn=Mining%20Agreements))		

Part	Requirement	Provisi on no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Contract policy	3.12.b	Mandatory	The govt's policy on disclosure of contracts must be included in the EITI report	No	No	No		This is set out in the Extractive Industries Revenue Bill which is yet to be passed, and according to stakeholders, unlikely to be passed soon. The GoSL's position remains to be clarified.
	State participation	3.6.a - c	Mandatory	Where state participation is material, rules regarding state participation (eg transfer of funds/revenues, 3rd party financing, retained earnings, reinvestment etc) must be explained. > SOE beneficial ownership in extractives must be disclosed	N/A	N/A	N/A		The 2011 Petroleum Act enables the setting up of a National Oil Company, however, this has not been set up yet.
	Monitoring and production								

Part	Requirement	Provisi on no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Extractive sector overview	3.3	Mandatory	Should including exploration activities	Yes	Yes	2012 Validation Report	The SLEITI MSG should consider whether a more substantive study is required	SLEITI may commission study or include in the next Reconciliation Report.
	Production data	3.5.a	Mandatory	Total production volumes and the production value by commodity type and when relevant, by region.	Yes	No	Available only on MCAS at present		The NMA should submit full information to the appointed Administrator in time for the next Reconciliation Report.
	Export data	3.5.b	Mandatory	Total export volumes and the export value by commodity type and when relevant, by region.	Yes	No	Available only on MCAS at present		The NMA should submit full information to the appointed Administrator in time for the next Reconciliation Report.
	Revenue collection								

Part	Requirement	Provisi on no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Comprehensive ness	4.1a, 4.2a-b	Mandatory	The MSG must define materiality in advance and this must be included in the reports. The reports must include payments from SOEs and aggregated information about total revenue from each benefit stream.	Yes	Yes	Scoping Study commissioned by the SLEITI MSG and International Secretariat Review (Four Remedial Actions)		
	Disaggregation	5, 5.2.e	Mandatory	Data must be disaggregated by reporting entity, revenue stream down to the project level in accordance with new international laws.	No	No	Possibly the 2012 pre-reconciliation data provided by RDF Also data available on MoFED website eg: http://mofed.gov.sl/publications/2013%20Mines%20Revenue%20i.pdf	Need to investigate whether fully disaggregated data is available.	

Part	Requirement	Provisi on no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Taxes and other payments	4.1.b	Mandatory	Eight revenue stream types are defined.	Yes	Yes	The 2012 pre-reconciliation data	SLEITI should clarify whether there are any material dividend or bonus payments. It is not clear why surface rent is not included in the 2012 pre-reconciliation dataset generated by RDF	Future SLEITI reports should also include payments to the Environment Protection Agency for environmental licences/permits.
	In Kind revenues	4.1.c	Mandatory	Where material, SOEs must disclose volumes/revenues from production collected in-kind	N/A	N/A	N/A		
	Transport revenues	4.1.f	Mandatory	If revenues from transportation of minerals is a large revenue, govt/SOEs must disclose disaggregated earnings.	N/A	N/A	N/A		The MSG may wish to assess the African Minerals subsidiary rail project to Pepel Port.

Part	Requirement	Provision no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Infrastructure/barter arrangements	4.1.d	Mandatory	Where loans, grants or infrastructure is associated with extraction and considered by the MSG to be material, the benefit streams must be disclosed and if possible, reconciled.	N/A	N/A	N/A		However if an agreement with Kingho still goes ahead, this may involve the building of infrastructure which will not be for its exclusive use.
	Sub-national direct payments	4.2.d	Mandatory	Payments from companies to sub-national government entities must be disclosed and reconciled.	Met	Yes			<p>The only payment type from mining companies to sub-national entities is surface rent, which amounted to only 2% of total revenues to District Councils and Chiefdom Administrations in the 2011 Reconciliation Report.</p> <p>However, the MSG may wish to examine the possibility of other direct payments by companies, such as property tax.</p>
	SOEs/government transactions	4.2.c	Mandatory	All material payments to SOEs from companies, and transfer from SOEs to other govt entities must be disclosed.	N/A	N/A	N/A		

Part	Requirement	Provision no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Revenue management and distribution								
	Sub-national transfers	4.2.e	Mandatory	Sub-national transfers of extractive sector revenues must be disclosed, as must the revenue sharing formula and any discrepancies. Reconciliation of these transfers is also encouraged.	No	No	TBD		A defined share of the export duty collected for exports of diamonds and gold is distributed to sub-national entities, under the DACDF. Payments to this fund (and reconciliation of transfers to sub-national entities) must be disclosed in the next reconciliation report.
	Distribution of revenues	3.7	Mandatory	The EITI Report must show which extractive revenues (cash/kind) are recorded in the budget.	No	No	EIRT		

Part	Requirement	Provisi on no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Information on revenue management	3.8	Encouraged	Report should include: > Description of extractive revenues earmarked for specific programmes/regio ns >Description of country's budget/audit processes >Timely information from govt on revenue sustainability/resou rce dependence	No	No	EIRT		

Part	Requirement	Provisi on no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Review audit and assurance practices	5.2b	Mandatory	Examine audit/assurance procedures in companies and govt entities, including relevant laws and regulations as well as planned/ongoing reforms and whether these are in line with: Companies: ISA Govt: ISSAI	Yes	No	No		For the next Reconciliation Report, further work will be required, specifically, to examine the audit and assurance procedures in more depth (beyond letters from the appropriate bodies), together with an analysis and assessment of the relevant laws, regulations and current or planned reform projects.
	Social and economic spending								

Part	Requirement	Provisi on no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	SOE quasi fiscal expenditure	3.6.b	Mandatory	SOEs must report on payments for social services, public infrastructure, fuel subsidies and national debt servicing.	N/A	N/A	N/A		
	Social expenditures	4.1.e	Mandatory	Mandatory only written into law or contracts/agreements.	No	No	Publicly available mining agreements only.		All mining agreements with CDA provisions must be fully disclosed and reconciled as far as possible in the next Reconciliation Report.
	Contribution to the economy	3.4	Mandatory	This should include: size of the extractive sector, total government revenues, export revenues, employment data and key regions	No	No	EIRT		
III. Outcomes and Impact									

Part	Requirement	Provisi on no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Public debate	6.1	Mandatory	The EITI reports must be comprehensive, actively promoted and contribute to public debate.	No	Yes			A summary version of the next Reconciliation Report must be produced.
	Data accessibility	5.3, 6.2	Encouraged	Machine readable EITI data summary reports, automated continuous online reporting all encouraged	No	No			The next Reconciliation report must compare revenue streams from the extractive sector to the total revenue accruing to each level of government. Continuous online reporting should be considered for the online repository (including tax payments). The next EITI reconciliation report must be available as machine-readable data.

Part	Requirement	Provisi on no.	Provision status	Description/Notes	Requirement met?	In EITI 2011 Report?	Availability elsewhere	Modification required?	Potential new source/ recommendation
	Reference other systems	3.7.b	Encouraged	Reference national revenue classification systems and international standards (IMF etc) encouraged	No	No	No		The SLEITI MSG may wish to consider this for the next reconciliation report.
	Lessons Learned	7.1	Mandatory	The MSG must identify, investigate and addresses the causes of any discrepancies.	Yes	No	2012 Validation Report.		
	Outcomes and Impact	7.2	Mandatory	The MSG must publish annual reports, with five key sections identified.	Yes	No			



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