

Validation of Sierra Leone:

Final assessment of progress in implementing the EITI Standard

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Acronyms

BO	Beneficial Ownership
BSL	Bank of Sierra Leone
CAC	Corporate Affairs Commission
CDA	Community Development Agreement
CDF	Community Development Fund or Constituency Development Fund
CSO	Civil Society Organisation
DACDF	Diamond Area Community Development Fund
EIRA	Extractive Industries Revenue Act (2018)
EITI	Extractive Industries Transparency Initiative
EPA	Environmental Protection Agency
HRDN	Human Right Defenders Network
IA	Independent Administrator
IOC	International Oil Company
MoU	Memorandum of Understanding
MCAS	Mining Cadastre Administration System
MGA	Ministry of Gender Affairs
MP	Member of Parliament
MSG	Multi-stakeholder Steering Group
NA	Not Applicable
NACE	National Advocacy Coalition on Extractives
NaRGEJ	Natural Resource Governance and Economic Justice Network
NGO	Non-Governmental Organization
NMA	National Minerals Agency
PD	Petroleum Directorate
PEP	Politically Exposed Person
SLEITI	Sierra Leone Extractive Industries Transparency Initiative
SOE	State-Owned Enterprise
ToR	Terms of Reference
UNDP	United Nations Development Programme

Executive summary

This draft Validation report presents the findings of the International Secretariat's Validation of Sierra Leone, which commenced 1 April 2022. The Validation assesses progress in EITI implementation since the previous Validation under the 2016 EITI Standard. The assessment of disclosures focuses financial year 2019, which is the period covered by the latest EITI Report. The assessment follows the 2019 EITI Standard. The draft report was finalised for review by the multi-stakeholder group (MSG) on 10 August 2022. Following comments from the MSG received on 7 September 2022, the Validation report was finalised for consideration by the EITI Board. The assessment found that Sierra Leone has exceeded three EITI Requirements, fully met 16, mostly met six and partly met one requirement. Six EITI Requirements are not applicable. Sierra Leone was also awarded two additional points on the Effectiveness and sustainability indicators.

Key achievements

- Implementation has revitalised since the previous Validation in 2018 under strong government leadership. A refresh of MSG membership has led to more inclusive representation, particularly in terms of thematic and gender diversity, from government agencies and civil society organisations. Coordination of industry representation has improved. In a context with a history of natural resource conflict, a rejuvenated stakeholder engagement is contributing to addressing the root causes of prior conflicts. Stakeholders have made efforts to address gaps in disclosures and improve the cost-effectiveness of reporting by adopting a flexible approach to EITI reporting, guided by a well-designed EITI work plan. The MSG is supported by an effective national secretariat.
- EITI has contributed to a broader public debate about the benefits of the extractive sector at the subnational level and the distribution of extractive revenues. The EITI's focus on the local impact of mining activities, as well as recent efforts to ensure the participation of women, respond to demand from stakeholders. The EITI Report serves as a central repository of information for the extractive sector and documents reforms in the sector. The comprehensiveness of the mining license register has also improved in the period under review, which strengthens citizens' ability to monitor mining activities.
- The process to revise the 2009 Mines and Minerals Act reflects commitment to transparency, multistakeholder governance and the EITI Standard. The Mines and Minerals Act was approved by the Parliament in August 2022. The act includes provisions on, for example, beneficial ownership transparency. Stakeholders were widely consulted in the preparation for the bill, which seeks to strengthen the benefits of mining on the subnational level. Information disclosed through EITI reporting, together with MSG deliberations and outreach, on subnational payments and transfers has contributed to the drafting of the bill.

Areas for development

- The MSG's efforts to adopt a flexible approach to EITI reporting are commendable. Further work is still required to ensure that all data required by the EITI Standard is comprehensively disclosed and to address data quality concerns. Disclosures of

beneficial owners and contracts remain limited, and the supporting legal frameworks for public disclosure of this information is yet to be fully completed.

- There are ample opportunities for strengthening systematic disclosures, many of which are identified in the mainstreaming feasibility study and in this Validation report but limited take up in practice. For example, data collected by NMA and NRA from extractive companies could be leveraged to disclose data on production, exports and subnational payments on a regular basis.
- While the EITI is contributing to policy making, there is little evidence of research and analyses using EITI data, including contracts, many of which are publicly available. The MSG could consider strengthening efforts to publish data in open format and to contribute to building stakeholders' capacity for data analysis.
- There are opportunities for the EITI to ensure transparency and accountability around new developments in the extractive sector. The state is increasing its role in the sector through direct participation in both mining and oil projects. New companies are entering the emerging petroleum sector. This highlights the importance of disclosures and public debate regarding the management of the state's participating interests, as well as the impact of the energy transition on the future of the mining and fossil fuel subsectors.

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

Stakeholder engagement and MSG governance have improved considerably since the previous Validation in 2018. The EITI is now formally championed by Vice President Juldeh Jalloh while the MSG is chaired by Minister of State, Frances Piagie Alghali. The government is providing high-level leadership, as well as effective technical support through the national secretariat. Civil society refreshed its representation on the MSG in 2020. MSG membership is now more diverse and inclusive, both in terms of gender and thematic expertise. Coordination of industry engagement in the EITI has improved, although some practices related to coordination are yet to be formalised. MSG members have contributed to the debate on the revision of the mining legislation and are exercising effective oversight of EITI implementation. Stakeholders beyond the MSG are participating in the EITI through CSO networks, government coordination and the Chamber of Mines, as well as through outreach efforts to the local level.

Transparency

Disclosures under the EITI Standard have improved significantly since the 2018 Validation, in particular regarding subnational data. Information about laws, licenses and contracts is largely systematically disclosed. The 2019 EITI report serves as a central repository of information for the extractive sector and documents reforms in the sector. For the 2019 EITI Report, Sierra Leone opted for a flexible approach, relying on a combination of unilateral government and company disclosures. This Validation identified some challenges in the comprehensiveness of data on production, exports and beneficial ownership and contracts. While further work on ensuring data quality would help to increase stakeholders' confidence in unilateral disclosures, overall, consulted stakeholders appear content with the flexible approach to reporting. Other

disclosures of public interest such as those related to artisanal and small-scale mining and environmental impact have not yet been included in EITI reporting. There seems to be considerable support from government, civil society and some companies to expand EITI disclosures going forward. Recent developments in the sector include increased state participation and oil and gas exploration. Ensuring transparency in these areas will be important in future reporting to promote accountability.

Outcomes and impact

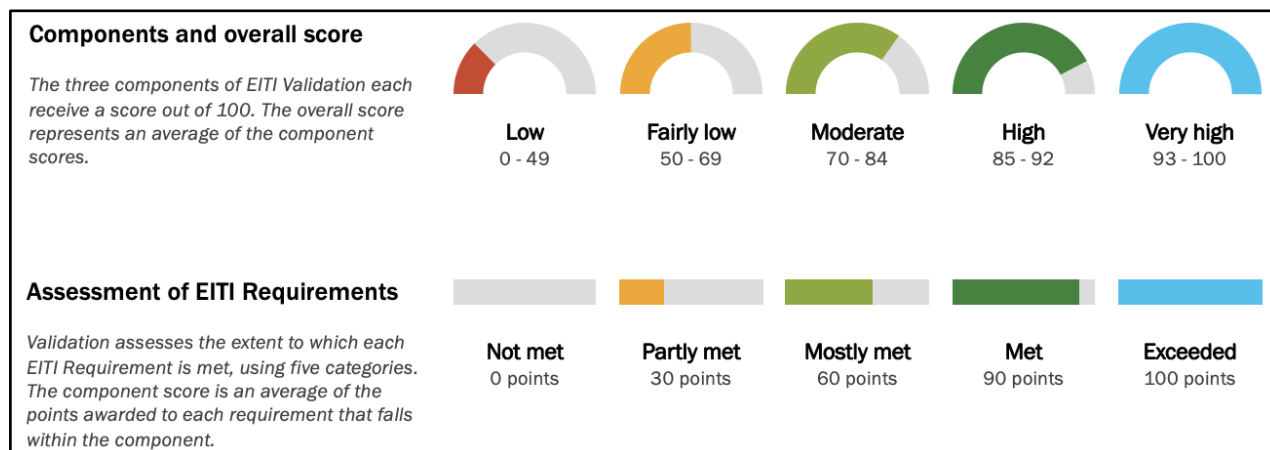
Sierra Leone EITI has effective mechanisms for work planning and follow-up of recommendations. The MSG has focused on reviewing impact in particular on the subnational level. Recently, efforts have been made to ensure that EITI implementation contributes to gender equity. EITI has contributed to changes in extractive sector policy, including the revised Mines and Minerals Act that was passed in Parliament in August 2022. There is room to further improve the accessibility and timeliness of data by strengthening systematic disclosures of data in open format. This could further encourage the use of data for analysis.

Figure 1 Final scorecard: Summary of progress in the Validation of Sierra Leone

Component & module	EITI Requirement	Progress	Score	
Outcomes and impact		Very high	94/100	
Extra points	Effectiveness and sustainability indicators		2	
Outcomes and impact	Work plan (#1.5)	Exceeded	100	↑
	Public debate (#7.1)	Fully met	90	↑
	Data accessibility and open data (#7.2)	Fully met	90	-
	Recommendations from EITI (#7.3)	Fully met	90	-
	Outcomes & impact (#7.4)	Fully met	90	-
Stakeholder engagement		High	90/100	
Multi-stakeholder oversight	Government engagement (#1.1)	Fully met	90	-
	Industry engagement (#1.2)	Fully met	90	↑
	Civil society engagement (#1.3)	Fully met	90	↑
	MSG governance (#1.4)	Fully met	90	↑
Transparency		Moderate	78/100	
Overview of the extractive industries	Exploration data (#3.1)	Exceeded	100	↑
	Economic contribution (#6.3)	Fully met	90	-
Legal and fiscal framework	Legal framework (#2.1)	Exceeded	100	↑
	Contracts (#2.4)	Mostly met	60	-
	Environmental impact (#6.4)	Not assessed	-	-
Licenses	Contract and license allocations (#2.2)	Mostly met	75	↑
	License register (#2.3)	Fully met	90	↑
Ownership	Beneficial ownership (#2.5)	Partly met	30	
State participation	State participation (#2.6)	Not applicable	-	-
	In-kind revenues (#4.2)	Not applicable	-	-
	SOE transactions (#4.5)	Not applicable	-	-
	SOE quasi-fiscal expenditures (#6.2)	Not applicable	-	-
Production and exports	Production data (#3.2)	Mostly met	60	-
	Export data (#3.3)	Mostly met	60	↓
Revenue collection	Comprehensiveness (#4.1)	Fully met	90	↑
	Barter agreements (#4.3)	Not applicable	-	-
	Transportation revenues (#4.4)	Not applicable	-	-
	Disaggregation (#4.7)	Mostly met	60	↓
	Data timeliness (#4.8)	Fully met	90	-
	Data quality (#4.9)	Fully met	90	↑
Revenue management	Distribution of revenues (#5.1)	Mostly met	60	↓
	Revenue management & expenditures (#5.3)	Not assessed	-	-
Subnational contributions	Direct subnational payments (#4.6)	Fully met	90	↑
	Subnational transfers (#5.2)	Fully met	90	↑

	Social and environmental expenditures (#6.1)	Fully met	90	↑
Overall score		High	87.5/100	

How EITI Validation scores work



The overall score (out of 100) represents an average of the scores of each component.

Each requirement will be assessed following the scale below and assigned corresponding points:

- **Exceeded** (100 points): All aspects of the requirement, including ‘expected’, ‘encouraged’ and ‘recommended’ aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat’s assessment, the situation is described in the assessment.

1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in Sierra Leone addresses nationally relevant extractive sector challenges and risks.

The EITI is informing debate about the subnational contribution of the extractive sector, which is highly relevant in Sierra Leone. Mining companies make land surface rent payments to local governments, paramount chiefs and Members of Parliament (MPs), which Sierra Leone EITI discloses. The allocation and utilisation of these payments is a subject of public debate. Sierra Leone EITI (SLEITI) has also produced a study on the impact of EITI implementation and disclosures at the subnational level. The focus on subnational disclosures reflects broader efforts to improve social cohesion and avoid conflict, which is highly relevant in Sierra Leone, given its history of natural resource-driven conflict. The Office of the Vice President, who is the EITI Champion, as well as partners such as UNDP support this objective.

The MSG and EITI disclosures have had a considerable impact on the scope and context of the Mines and Minerals Development Bill, which is being discussed in Parliament and would replace the 2009 Mines and Minerals Act. The bill contains clarifications on subnational payments, introduces new mechanisms for subnational transfers, and includes provisions on beneficial ownership transparency and artisanal and small-scale mining (ASM). The MSG's structure also reflects the objective of ensuring nationally relevant EITI implementation. MPs have been allocated two seats to champion relevant recommendations into legal reforms. The Environmental Protection Agency (EPA) recently joined the MSG, and civil society representation has become more thematically diverse.

The 2021 Gender Empowerment Bill aims to mainstream gender into all development and political processes in Sierra Leone to ensure livelihood and social protection for women, men, boys and girls for sustainable peace and economic growth. Building on the national momentum and in line with the EITI Standard, the SLEITI MSG prioritised gender diversity in its strategic planning and implementing. The MSG has embedded gender mainstreaming in their workplan, with clear activities to develop a gender strategy, improve disaggregated data on gender, raise awareness around women in the extractives labour force and engage the Ministry of Gender Affairs (MGA) and other stakeholders to improve gender related information in accordance with the EITI Requirements.

The 2019 EITI Report, produced under the “flexible” approach to reporting also captures the impact of the COVID-19 pandemic on the extractive sector and includes forward-looking information about the sector.

The Secretariat proposes that 1 additional point be added to the score on Outcomes and impact for this indicator. In the context of plans for petroleum exploration and production onshore, Sierra Leone is encouraged to use the EITI to ensure highest levels of transparency and accountability in the nascent petroleum sector and regarding state participation in the extractive sector.

1.2 Systematic disclosures of extractive industry data

This indicator considers the extent to which data is systematically disclosed, as well as plans to strengthen systematic disclosures.

Sierra Leone's [Medium Term National Development Plan](#) seeks to mainstream transparency and accountability practices into the extractive sector in accordance with the EITI Standard. Against this backdrop, the MSG has published a [feasibility study on mainstreaming EITI reporting](#). The study identifies opportunities for systematic disclosures and includes clear recommendations. Consulted stakeholders noted that strengthening systematic disclosures was a priority for the government and the MSG. Some elements of EITI disclosures are systematically disclosed, namely laws, policies and licenses. With regards to other data, progress is limited. Mining companies regularly report to the National Minerals Agency (NMA) data on, for example, production, exports and subnational payments. However, this data could be systematically disclosed by NMA in open format, which would improve the timeliness of disclosures and reduce reporting costs.

The Secretariat proposes that no additional points be added to the score on Outcomes and impact for this indicator. While systematic disclosures are currently limited, there are medium-term plans and ongoing efforts to increase them. Sierra Leone is encouraged to follow up on the recommendations from the mainstreaming report and consider systematic disclosure of production, exports and subnational payments reported by companies to the NMA.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.

The process for developing the Mines and Minerals Development Bill has involved consultations with citizens. The government held consultations with citizens in partnership with CSOs and mining companies on the review of the Mines and Minerals Act 2009 ([CSOs Present Recommendations on the Review of Mines Act 2009](#)). According to the Outcomes and impact file, the MSG worked closely with the National Minerals Agency (NMA) and the Ministry of Mines and Mineral Resources on the consultations leading up to the bill.

Sierra Leone has also made efforts to ensure participation of different genders and vulnerable groups. The Gender Equality and Women's Empowerment [Bill](#) aims at mainstreaming gender into all development and political processes in Sierra Leone to ensure livelihood and social protection for women, men, boys and girls for sustainable peace and economic growth.

SLEITI has paid particular attention to the impact of EITI implementation on communities affected by mining. This involved commissioning a study on the [EITI's impact and socioeconomic benefits](#) on the local level. EITI has undertaken outreach in affected communities, and some of the CSOs engaged in the EITI are present at the community level. The MSG's feedback on the draft Validation report flagged that some civil society MSG members are involved in a group called "Multi-Stakeholder Task Force on Public Disclosure" of sub-national transfers (Diamond Area Community Development Fund-DACDF), and revenues (Community Development Fund – CDF, Surface rent, Agricultural Development Fund and Corporate Social Responsibilities -CSR

initiatives/projects). This group comprises of government institutions including Anti-Corruption Commission, National Minerals Agency, National Revenue Authority, Ministry of Mines & Mineral Resources, SLEITI, mining companies and CSOs. According to the MSG, the general objective is to ensure 'best practice' of governance at sub-national level with respect to revenues and transfers (their generation and utilization) to the benefit of the communities concerned. This group has made several engagements with local communities including ASM on subnational payments/transfers ensuring that companies meet their obligations.

The government established the [Civil Society \(CSO\) Dialogue Series](#) in October 2020 as a platform for regular dialogue with CSOs on governance and development issues. In 2021, the MSG instituted the [SLEITI Hour Show](#) – a SLEITI-produced TV programme - to create a platform for citizens to engage with MSG members

The MSG has in addition taken concrete steps to address documented weaknesses and tensions in CSO constituency governance. Broader consultation mechanisms between CSO coalition members together with improved engagement by CSO members on the MSG have contributed to strengthening the environment for citizen participation in extractive sector governance through the members on the MSG.

Consulted stakeholders noted that issues related to land, relocation and compensation were sensitive. The MSG flagged one instance in which a CSO has experienced limitations to organising events related to land rights within a particular chiefdom, although this was not related to the extractive sector. While the CSO had been able to circumvent these limitations, the MSG could consider discussing such cases, if they arise. International indicators, such as CIVICUS and the Freedom in the World index have flagged concerns related to broader civic space in Sierra Leone.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research and advocacy.

SLEITI has undertaken outreach and communications efforts, which are captured under Requirement 7.1 and in the Outcomes and impact file. Efforts have been made to ensure that information is relevant to stakeholders, including communities affected by mining and that information reaches them in a comprehensible format. The mining license cadastre has been developed in recent years and is now more comprehensive and usable. The media has covered the publication of EITI Reports, referencing some of the information included. In 2021, civil society [organised a workshop](#) jointly with the Africa Center for Energy Policy (ACEP) on tracking extractive sector revenues. However, data is not fully available in open format, and there is still little evidence of stakeholders using EITI data for analysis or research.

The Secretariat proposes that no additional points be added to the score on Outcomes and impact for this indicator.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices.

The MSG contributed to the development of the new Mines and Minerals Development Bill through taking forward EITI recommendations and by participating in almost all the consultations held. The bill makes provision for beneficial ownership disclosure and the regulation and governance of the quarry sector, which is intended to come under the scope of SLEITI shortly. It also seeks to streamline subnational revenues and address contract disclosure, as well as ASM.

Following feedback received during EITI outreach to communities, the government has responded to concerns over the distribution of surface rent payment, which is currently split into five portions with landowners receiving only 50%. The new proposed provision on surface rent in the Mines and Minerals Development Bill will allocate 70% to land owning families, and 30% to chieftdom administration.

To sustain and strengthen EITI implementation in Sierra Leone, the MSG has agreed to develop a SLEITI Bill to give statutory provisions for EITI Implementation in Sierra Leone. The Bill has been forwarded to the EITI International Secretariat for review. The bill is the result of MSG recommendations, backed by high-level political support. The bill is expected to pass into law by the end of 2022.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
<p>Work plan (Requirement #1.5)</p> <p><i>Exceeded</i></p>	<p>The Secretariat’s assessment is that Sierra Leone has exceeded Requirement 1.5. The work plan supports implementation of national priorities for the extractive industries while laying out realistic activities that are the outcome of consultations with the broader government, industry and civil society constituencies. The 2022 SLEITI work plan represents good practice in terms of process, content and structure.</p> <p>The 2022 EITI work plan was developed through a consultative process that engaged stakeholders beyond the MSG (see Outcomes and impact file for further detail). The process has been thoroughly documented. According to the MSG’s submission, the work plan objectives were developed to ensure that the EITI process contributes to</p>

	<p>government reforms on beneficial ownership disclosure, gender empowerment, mainstreaming EITI reporting through systematic disclosure of data, and the environment. It also addresses contract disclosure and includes capacity-building activities. The plan includes concrete activities to expand disclosures on, for example, ASM and identifies responsible government agencies.</p> <p>The 2022 work plan builds on a results-based approach with clear activities, outputs, expected outcomes and key deliverables. It is fully costed, time-bound and indicates the responsible party. EITI work plans have been updated annually and are publicly available on the SLEITI website. The 2022 work plan includes a tool for tracking progress, i.e. it is linked to a monitoring framework. The MSG has explored innovative approaches to extending EITI implementation to inform public debate about natural resource governance by including activities related to the impact of climate change in the work plan. There are also activities related to promoting systematic disclosure of subnational transfers. These aspects exceed the required provisions of Requirement 1.5.</p>
<p>Public debate (Requirement #7.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat’s assessment is that Sierra Leone has fully met Requirement 7.1. The objective of enabling evidence-based public debate on extractive industry governance through active communication of relevant data to key stakeholders in ways that are accessible and reflect stakeholders’ needs is met.</p> <p>SLEITI has undertaken efforts to disseminate the findings from EITI reporting. Several outreach events were organised in affected communities in September 2020 to promote the 2017-2018 EITI Report. Outreach activities related to the 2019 EITI Report took place in May 2022. SLEITI has produced TV and radio programmes and jingles, and CSOs have organised some EITI related events. A summary report of the 2019 EITI Report is available online. Overall, the MSG has undertaken considerable efforts to ensure that EITI Reports reach a wide range of stakeholders, including producing the EITI Report in braille. This, together with outreach efforts directed towards subnational stakeholders, demonstrates the MSG’s efforts to ensure that EITI data reaches diverse audiences, including vulnerable groups. SLEITI updated its communications strategy in 2020, covering plans up to 2023. The strategy considers the needs of different audiences, including mining communities. In considering communications tools, it takes into account whether different sub-groups of citizens have access to them. The revised communications strategy 2020-2023 will require sustained attention in order to produce clear evidence of stakeholders, including media and civil society, analysing publicly available data and using it to promote reform.</p> <p>Consulted stakeholders noted that all constituencies were participating actively in outreach efforts across the country. There is some evidence of stakeholders, including media and civil society, analysing publicly available data and using it to promote reforms in the extractive sector, but this is limited. In 2021, civil society organised a workshop jointly with the Africa Center for Energy Policy (ACEP) on tracking extractive sector revenues.</p>
<p>Data accessibility and open data (Requirement #7.2)</p>	<p>The Secretariat’s assessment is that Sierra Leone has fully met Requirement 7.2. Sierra Leone has undertaken efforts towards disclosing data comprehensively in open format. Following the submission of the draft Validation report, SLEITI disclosed the tables from the 2019 EITI Report on its website in open format. The Secretariat</p>

<p><i>Fully met</i></p>	<p>considers that following these additional disclosures, the objective of the requirement has been met.</p> <p>SLEITI has an Open Data Policy, which the Outcomes and impact file acknowledges is in the process of being implemented. Sierra Leone has submitted summary data files for EITI Reports covering 2017-2019. The 2019 EITI Report is available in Word format. The tables featured in the body of the report have been disclosed on the SLEITI website in open format. Tables from the annexes do not appear to available in open format. However, these tables can be easily transferred to Excel from the Word document. The Outcomes and impact file notes that some systematic disclosures are only available in pdf format. However, license data is available in open format in the online portal, and some production and export data is available in open format on the Bank of Sierra Leone website.</p>
<p>Recommendations from EITI implementation (Requirement #7.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has fully met Requirement 7.3, as in the previous Validation. The objective of ensuring that EITI implementation is a continuous learning process that contributes to policy making is met.</p> <p>Corrective actions from the 2018 Validation were considered in work planning, as demonstrated in the Outcomes and impact file.</p> <p>The Outcomes and impact file demonstrates that the MSG has actively contributed to the development of extractive sector policies, including the draft Mines and Minerals Development Bill and the SLEITI Bill. This contributed to strengthening the definition of beneficial ownership in the Mines and Minerals Development Bill.</p> <p>Stakeholder consultations suggest that follow-up of recommendations has become more systematic since the previous Validation in 2018. Consulted stakeholders noted that the national secretariat was actively following up with government agencies to address recommendations. MSG meeting minutes demonstrate that the MSG has discussed and undertaken activities to follow up on recommendations and discrepancies. Consulted stakeholders noted that follow-up on recommendations was always part of the agenda of MSG meetings. The SLEITI work plan includes activities to address recommendations. Follow-up is monitored through the work plan's monitoring framework and annual monitoring reports. Sustained follow up on recommendations around subnational reporting has now resulted in improvement in the comprehensiveness and disaggregation of subnational disclosures in the 2019 EITI Report. Ahead of Validation, the MSG developed a Validation tracker with which they followed up on the status of recommendations and gaps identified in EITI Reports and prior Validations. Leadership from the EITI Champion and the MSG Chair had also helped advance the implementation of EITI recommendations.</p>
<p>Review the outcomes and impact of EITI implementation (Requirement #7.4)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has fully met Requirement 7.4, as in the previous Validation. The MSG regularly monitors progress in achieving SLEITI's objectives through annual monitoring reports, which contributes to ensuring EITI's own public accountability in accordance with the objective of this requirement. The work plan allows for more systematic review of outcomes and impact, in addition to outputs. Efforts to assess subnational impact through a standalone study are commendable.</p> <p>The 2021 Work Plan Monitoring Report documents progress in implementing the work plan and achieving desired outputs. It does not assess the broader outcomes and impact of implementation. However, the Outcomes and impact file includes a review of</p>

	<p>impact, which includes progress on beneficial ownership disclosures, providing a platform for debate in affected communities and contributing to revisions on the distribution of surface rent revenues. The file also documents progress in addressing recommendations from Validation and EITI reporting. In 2021, SLEITI commissioned an Assessment of the Impact of EITI and Socioeconomic Benefits Derived from Subnational Extractive Revenues by Mining Communities. The assessments findings include that the positive social impact of subnational payments made by mining companies is limited. The MSG has documented how it has taken gender considerations and inclusiveness into account.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 7.1, SLEITI is encouraged to document and assess outcomes of its communications strategy to date, to enable improving its outreach activities further. • To strengthen implementation of Requirement 7.2, government agencies and extractive companies are encouraged to consider disclosing open data systematically through their websites and to ensure that systematically disclosed data is machine readable and inter-operable. • To strengthen implementation of Requirement 7.3, the MSG is encouraged to ensure that follow-up on EITI recommendations is institutionalised within the government to prevent effectiveness from being affected by future changes in government. • To strengthen implementation of Requirement 7.4, the MSG is encouraged to strengthen its methodology for assessing the impact of EITI implementation, including on different genders and other vulnerable groups in communities affected by mining. 	

3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
<p>Government engagement (Requirement #1.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has fully met Requirement 1.1, as in the previous Validation. The government is represented on the MSG at a senior level. The MSG is chaired since 2018 by Francess Piagie Alghali, Minister of State, Office of the Vice President. She has been a driving force behind EITI implementation. The EITI Champion is Vice President Mohamed Juldeh Jalloh. The government has provided leadership in addressing corrective actions from the 2018 Validation, including improving MSG governance (<i>see Requirement 1.4</i>). According to consulted stakeholders, housing EITI leadership in the Vice President's office has strengthened coordination between government agencies on EITI matters. Government representatives noted that government agencies, such as the Environmental</p>

	<p>Protection Agency (EPA), the National Minerals Agency (NMA) and the National Revenue Authority (NRA) had deepened their collaboration, which was resulting in better availability of data and is paving the way towards systematic disclosures. Government representatives participate actively in the work of the MSG and its technical subcommittees and contribute to outreach efforts. For example, the committee on beneficial ownership includes relevant government agencies that are not represented on the MSG. The Stakeholder engagement file documents several high-level statements in support of the EITI, including on beneficial ownership disclosure. The enactment of the Extractive Industries Revenue Act (EIRA) in 2018 also demonstrates government commitment to extractive sector transparency. The Mines and Minerals Development Bill includes provisions on beneficial ownership transparency, which will help to deepen transparency and accountability. The government funds EITI implementation, including the operations of the national secretariat.</p>
<p>Industry engagement (Requirement #1.2) <i>Fully met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has fully met Requirement 1.2. The objective of ensuring full, active and effective engagement by extractive companies has been fulfilled. Stakeholder consultations and the MSG's feedback support this assessment. The Stakeholder engagement file suggests that company representatives participate actively in the MSG's work, including some outreach activities. Material companies are largely disclosing the required data and assurances, with omissions not materially affecting the assessment of company engagement. MSG members liaise with the broader constituency through the Chamber of Mines, which is made up of nine of the 19 large-scale mineral producers, using WhatsApp and email circulars. Engagement with the broader constituency beyond the Chamber appears to be limited, but the MSG has demonstrated recent efforts to increase engagement.</p> <p>The MSG argued in its feedback on the draft Validation report that the requirement should be assessed as fully met. It noted that the four companies represented on the MSG contributed 72% of total government revenues in 2019, while companies that are members of the Chamber contributed 77% of total government revenues. The Secretariat considers that the additional information provided by the MSG, together with unanimous support from the MSG for upgrading the assessment, justifies an assessment of the requirement as fully met.</p> <p>The documentation submitted and stakeholder consultation suggest that engagement has become materially more active since the 2018 Validation, which found that companies' engagement was limited. Stakeholders from other constituencies noted that engagement by companies had improved, although the Chamber could be better organised. Consulted industry representatives confirmed that the Chamber was continuing to work to become more effective and expand its membership. As an interim measure, the industry constituency are considering options to engage non-chamber industry actors (mostly ASM companies) through social media. The MSG noted in its feedback on the draft Validation report that the Chamber had already invited companies that are not members of the Chamber to participate in SLEITI related activities such as dissemination. It also noted that engaging with ASM actors was challenging as they were not organised. The Chamber, in collaboration with the SLEITI secretariat, has set up a WhatsApp group for industry engagement that comprises large-scale companies, dealers, and the ASM sector.</p>

	<p>Stakeholders noted that industry representatives’ engagement at MSG meetings and on social media had improved over the period under review.</p> <p>The 2019 EITI Report builds mostly on unilateral government disclosures. Additional information was requested from 14 extractive companies. There are gaps in the information submitted by the companies, for example, in beneficial ownership data. All material companies, however, submitted information for reporting purposes, most of which appears to be comprehensive (see <i>Transparency template</i>). Follow-up with reporting companies was mostly conducted by the national secretariat. There do not appear to be any obstacles to company participation in the EITI.</p> <p>Consulted companies noted that petroleum companies would be invited to engage in EITI implementation once they established a presence in the country. There is also room to expand engagement to mining companies that are not yet members of the Chamber, including ASM producers and exporting companies.</p>
<p>Civil society engagement (Requirement #1.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat’s assessment is that Sierra Leone has fully met Requirement 1.3.</p> <p>The 2018 Validation documented weaknesses in constituency governance. These challenges appear to have been largely overcome with the refresh of MSG membership in 2020. The number of full members from civil society was increased from three to six. Representation on the MSG is more diverse and inclusive, with, for example, women’s organisations and journalists now included. MSG members liaise with the broader constituency regularly through three networks: Natural Resource Governance and Economic Justice Network (NaRGEJ), Human Right Defenders Network (HRDN) and National Advocacy Coalition on Extractives (NACE). Coordination channels include, for example, social media and WhatsApp groups. EITI documents were shared through these channels and feedback sought from non-MSG members. Consulted stakeholders noted that the constituency had agreed that MSG members would start providing quarterly reports on their work and progress in EITI implementation. CSOs that are not members of the MSG had also been invited regularly to EITI events. Consulted civil society stakeholders noted that the constituency was now stronger as it was unified and in a better position to express critical views on the conduct of government and companies.</p> <p>The Stakeholder engagement file documents EITI-related events organised by civil society. It also appears that CSOs have been actively engaged in the MSG’s work, including on planning and disclosures. CSOs consulted provided examples of EITI data being used to further advocacy efforts, including using EITI data to allow local communities to better understand the distribution of subnational payments (namely surface rent) and successfully lobbying for the disclosure of subnational payments by a major mining company. The MSG pointed out in its feedback that CSOs are also active in a CSO-led multi-stakeholder group that seeks to increase the transparency of subnational transfers and payments, and engages with local communities.</p> <p>Civicus Monitor assesses civic space in Sierra Leone as “obstructed”, and Freedom in the World rates the country as “partly free”, similar to when the previous Validation was conducted in 2018 . These assessments note some limitations to the operation of the political opposition, as well as requirements for NGOs and media. Based on stakeholder consultations and a desk review, there is no indication of these having had an impact on civil society engagement in extractives governance or EITI implementation. On the contrary, civil society activity related to the EITI has grown</p>

	<p>more active in the period under review. Consulted CSO stakeholders noted that previously the Public Order Act has been applied to restrict organising events in communities, but that this had not been the case in the past five years. If anything, there appear to have been slight improvements in the enabling environment for engagement in the EITI.</p> <p>The MSG's submission flagged a case where the CSO Green Scenery had not been able to organise meetings in Malen chiefdom. Green Scenery works on land issues and is a member of the NACE coalition. It can be considered as substantively engaged in EITI implementation. Its activities to support citizens in Malen chiefdom seek to promote land rights in relation to a palm oil agribusiness project, rather than extractive activities.¹ Chiefdom authorities had indicated to Green Scenery that it should not organise events within the area. Civil society stakeholders on and off the MSG indicated that this was an isolated case, rather than a practice or pattern. Green Scenery noted that it had circumvented the restrictions by inviting participants from the chiefdom to attend meetings at the district level. There is evidence of civil society and other stakeholders undertaking outreach efforts, such as organising events, in communities affected by mining. The objectives of EITI implementation and, for example, the focus on gender and subnational issues reflect civil society's priorities.</p>
<p>Multi-stakeholder group (Requirement #1.4)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has fully met Requirement 1.4. The MSG is providing effective oversight of the EITI process in a manner that balances the interests of the three constituencies. This is supported by the views of consulted stakeholders, as well as progress in implementation within the period under review.</p> <p>The 2018 Validation flagged concerns about the lack of clarity in the MSG's procedures and weaknesses in following them. Since then, MSG governance appears to have improved significantly. The MSG agreed new ToRs in March 2021 that cover the provisions of Requirement 1.4.b in a clear manner (<i>see the Stakeholder engagement file</i>). The Stakeholder engagement file suggests that the ToRs have been respected in practice. Meeting minutes are available online and demonstrate the constituencies participate actively in the MSG's work. The MSG has five thematic subcommittees. The COVID-19 pandemic restricted the frequency of MSG meetings, but online tools were deployed to uphold communication.</p> <p>A long overdue refresh of MSG membership took place in 2020. The Stakeholder engagement file describes the process for nominating members, which appears to have been open and inclusive in practice. Civil society followed their own constituency ToR in nominating members, overcoming coordination challenges between two coalitions and increasing the diversity of representation. The CSOs represented on the MSG were selected in a constituency meeting in August 2020.² Stakeholder consultations suggest that the selection process was conducted in a fair and transparent way. Industry is represented through the Chamber of Mines, which</p>

¹ <https://greenscenery.org/maloe-letter-to-the-president-of-sierra-leone-failure-of-the-malen-chiefdom-land-crisis-mediation-led-by-vice-president-dr-mohamed-juldeh-jalloh/>

² Minutes of the meeting: <http://www.sleiti.gov.sl/index.php/documents/validation-supporting-documents/report-meeting-of-csos-on-eiti-process>.

	<p>was reactivated in 2019. One new company MSG member has been nominated since at a Chamber meeting where he formally accepted his nomination.</p> <p>The representation of civil society and government agencies has become more diverse, both in terms of organisations/agencies and in terms of gender. This reflects the provisions of the 2019 EITI Standard, as well as the government's priority on gender empowerment. Two women's organisations are now represented on the MSG. The MSG also includes representatives of the media, the parliament and the Environmental Protection Agency. There is room to further improve the diversity of industry representation by engaging ASM actors and other companies that are not members of the Chamber. The Secretariat's assessment is that stakeholders are adequately represented on the MSG, and members are liaising with their broader constituencies.</p> <p>Consulted stakeholders noted that improved participation has influenced the effectiveness of the new technical working groups and subsequently the delivery of several outputs in the last years.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 1.2, the company constituency should continue strengthen its engagement in the EITI, including engagement by companies that are currently not members of the Chamber of Mines. The Chamber of Mines is encouraged to play an active role in coordinating the constituency's participation in the EITI, including setting objectives, using EITI data and expanding engagement with new companies. • To strengthen implementation of Requirement 1.3, the MSG is encouraged to regularly review the environment for civil society engagement in EITI-related activities at the subnational level. 	

4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

The 2019 EITI Report provides detailed information on the history of the extractive industries in Sierra Leone and current exploration and production activities. Considering that this contextual overview is not to be found through government websites, EITI reporting adds value as a central reference point for this information. EITI reporting provides contextual and geographic information on the country's available offshore blocks as well as detailed information surrounding reforms to extend exploration and production activities onshore. The SLEITI MSG has made progress since the last assessment and should be commended for adding detail surrounding oil and gas exploration activities and details on significant petroleum reserves. Moving forward there are opportunities to systematically disclose the overview of the extractive sector, including exploration activities.

Sierra Leone publishes a majority of the information required on the extractive industries' contribution to the economy through systematic disclosures on government portals, although EITI reporting has improved the comprehensiveness of data requested under Requirement 6.3 through the inclusion of employment data disaggregated by gender, especially in the informal sector through the May 2020 Baseline Study on Artisanal Mining. This addition to the EITI reporting process is a marked improvement from the prior Validation that highlighted the lack of employment data. The Baseline Study on Artisanal Mining filled a significant gap in reporting on informal extractive activities' contribution to the economy and complements data found published by the Kimberley Process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
Exploration (Requirement #3.1) <i>Exceeded</i>	The Secretariat's assessment is that Sierra Leone has exceeded Requirement 3.1. Public access to an overview of the mining and oil and gas sectors in the country and its potential, including recent, ongoing and planned significant exploration activities is provided through the EITI Report. Following the draft Validation report, SLEITI disclosed the overview of extractive activities on its website as a web page. This facilitates access to the information and enables SLEITI to regularly update the information, also between EITI Reports.

	<p>Information on active mining activities can also be viewed through the MCAS portal in a map view. Civil society stakeholders consulted did highlight that the MCAS portal is not easily accessible to many members of the community at the local level due to a lack of internet and access to computers. The 2019 EITI Report and now the SLEITI website add significant value by serving as a central point of reference for historical and current activities in a robust mining sector and does well to explain the obstacles overcome in the oil and gas sector with an eye toward further development in the future. Current legislation governing the oil and gas sector only provides for offshore exploration and production and the 2019 EITI Report notes that only one company, Innoson Oil and Gas has been awarded an exploration license to date and there were no licenses awarded in the period under review.</p>
<p>Contribution of the extractive sector to the economy (Requirement #6.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's preliminary assessment is that Sierra Leone has fully met Requirement 6.3, as in the previous Validation. The broader objective of ensuring a public understanding of the extractive industries' contribution to the national economy is fulfilled. The government systematically discloses information on the contribution of the extractive industries to the economy with this information also reflected in EITI reporting. The Ministry of Finance and Statistics websites publishes annual statistics on the contribution of the extractive industries to GDP, government revenues and exports with EITI reporting adding value by spearheading the collection of employment data disaggregated by gender. The 2019 EITI Report provides information on the contribution of the extractive industries to the economy (including to GDP, government revenues, exports, and employment), though it would be helpful for citations to be hyperlinked to original sources for ease of verification and to view larger datasets.</p> <p>Estimates of the contribution of informal and artisanal-scale mining activities to GDP are not provided for a country with a sizeable ASM sector, though the NMA-commissioned Baseline Study on Artisanal Mining, completed in May 2020, reinforces the importance of the ASM sector as an employer and source of production. Comprehensive information about the contribution of the ASM sector to GDP do not appear to be available for disclosure. More broadly, stakeholders consulted echoed the sentiment that the ASM sector should be better regulated through the NMA and the EPA to ensure that adequate labour and environmental protections are followed and to institutionalise a practice that characterises much of Sierra Leone's diamond and gold industry. The Kimberley Process also provides estimates of ASM diamond mining along with export destinations, although these do not include the sector's contribution to GDP.³</p> <p>Gender disaggregated data on employment is provided through EITI reporting, though the MSG notes that this data is limited to only companies that chose to report it, rather than representing the whole extractives sector. Overviews of the location of the main extractive activities in the mining sector and oil and gas sector are available through the GoSL Online Portal and through EITI reporting.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> To strengthen implementation of Requirement 3.1, Sierra Leone is encouraged to ensure that the brief history and overview of the extractive industries published on the SLEITI website is updated regularly. 	

³ <https://www.kimberleyprocess.com/en/sierra-leone-0>

- To strengthen implementation of Requirement 6.3, Sierra Leone is encouraged to use EITI reporting to review available estimates of informal extractive activities and to refer to credible information on artisanal and small-scale mining, when available. Sierra Leone is encouraged to improve systematic disclosures of information on the extractive industries' contribution to government revenues and employment, in particular to ensure disaggregation of extractive employment data for the sector as a whole rather than for only a select-few companies that chose to report.

Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

Overview of progress in the module

Details of the legal and regulatory framework, including the fiscal regime and fiscal devolution, and roles of government entities, are systematically disclosed in Sierra Leone through the National Minerals Agency [website](#) and the Petroleum Directorate [website](#). The 2019 EITI Report adds value by summarising planned and ongoing reforms in the extractives sector. Sierra Leone's EITI reporting does well to outline planned and ongoing reforms and also provides summary descriptions of the fiscal regime and fiscal devolution.

Sierra Leone grants pro forma mining licenses, for which the terms are stipulated in the legislation and are uniform across all licenses. Where these terms are deviated from, a mining agreement is negotiated between the company and the government. There still does not appear to be a clear policy regarding the disclosure of mining agreements, although in practice contracts appear to be publicly available. On oil and gas, the law stipulates that contracts shall be published once ratified by the Parliament. It is unclear whether there is an active oil and gas contract that was ratified in 2021.

Government and industry stakeholders consulted credited the EITI process with enhancing the public's understanding of the contractual rights and obligations of extractives companies operating in Sierra Leone through greater transparency in government revenue collection and subnational direct payments.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
Legal framework and fiscal regime (Requirement #2.1)	The Secretariat's assessment is that Sierra Leone has exceeded Requirement 2.1. The 2019 EITI Report describes the legal, environmental, and fiscal regime for mining and oil and gas, as well as the roles of central government entities with regards to the mining and oil and gas sectors. Relevant government websites provide the full text of laws and regulations referenced in Sierra Leone's

<i>Exceeded</i>	EITI reporting, comprehensively covering the legal, environmental, fiscal regime, fiscal devolution and the roles of government entities. An overview of the laws and regulations governing the extractive sector is provided and there is a summary of the fiscal regime in mining and oil and gas. Currently, there are no provisions for onshore petroleum exploration and EITI reporting outlines efforts to reform. Overall, planned and ongoing reforms are well-documented for both sectors and indicate the SLEITI MSG's efforts and initiative in closing gaps in existing laws and regulations. Requirement 2.1 has been exceeded given that encouraged aspects of the requirement documenting ongoing reform efforts are well-described and most information is systematically disclose through government websites. Progress has been made since the last assessment to include a description of all relevant government agencies' roles in the sector.
Contracts (Requirement #2.4) <i>Mostly met</i>	<p>The Secretariat's assessment is that Sierra Leone has mostly met Requirement 2.4. Sierra Leone has made commendable progress in addressing encouraged aspects of the requirement by disclosing mining agreements entered into prior to January 2021. Following the draft Validation report, NMA disclosed mining contracts entered into after 1 January 2021. However, there is still no clear government policy on the disclosure of mining contracts and the full text of pro forma licenses remains confidential. It also remains unclear if any oil and gas contract was entered into in 2021. The Secretariat considers that the objective of the requirement is mostly fulfilled.</p> <p>The policy on disclosure of mining contracts continues to be unclear, although in practice all contracts that were active on 31 December 2019 appear to have been disclosed by the government through a third-party webpage. Stakeholder consultations and media sources suggest that the Marampa Mines agreement was ratified by Parliament in December 2021. A comprehensive list of contracts entered into after 2019 is now available. Following the draft Validation report, NMA disclosed the contracts for Marampa Mines, Kingho Mining and Kingho Rail & Port on its website, and confirmed that these were the only mining agreements entered into since 1 January 2021.</p> <p>While the actual disclosures of older contracts exceed some provisions of Requirement 2.4, the lack of explicit policy to disclose mining contracts entered into or amended, is considered a material gap by the International Secretariat. The importance of establishing a clear policy is heightened by ongoing and recently concluded contract negotiations. The MSG argues in its feedback on the draft Validation report that the 2018 Minerals Policy and the Mines and Minerals Act together establish a policy for contract transparency. The Secretariat recognises that these policies enable the disclosure of mining contracts. However, they do not establish a clear policy that institutionalises contract transparency. The effect of this is demonstrated in the delay in disclosing recent mining contracts, which were only published following the draft Validation report.</p> <p>At the time of review, the NMA website listed in this template was not operational and therefore, a review of the available contracts on this website was not possible. However, the ResourceContracts website does provide what appears to be the full text, including amendments, riders, and annexes of ten large-scale mining agreements, which is an improvement from the prior Validation cycle. The 2019 EITI Report notes that there is a bill currently being debated by Parliament, the SLEITI Bill, that would lend weight to contract disclosure, though it may fall short of instituting legally binding policy. A clear policy on disclosure of oil and gas</p>

	<p>contracts exists in 2011 Petroleum (Exploration and Production) Act. The 2019 EITI Report notes that one oil and gas contract has been agreed since 1 January 2021, but this contract has yet to be ratified by Parliament and is therefore not currently available. Consulted government representatives noted that once ratified by Parliament, the contract would become public. However, media reports suggest that the Parliament ratified the contract with Innoson Oil and Gas already in April 2021. The MSG feedback on the draft Validation report did not provide clarity on this issue.</p> <p>The National Minerals Agency's MCAS portal provides a comprehensive list of all active mining licenses, including licenses awarded after 1 January 2021, but full text of these licenses is not included, and the cadastre does not note which licenses are accompanied by a mining agreement. Consulted government representatives confirmed that the content of these licenses is pro forma and derived from the legislation. However, the Secretariat was not able to locate written, publicly available confirmation of this or access the license template. The MSG submitted the license templates to the Secretariat as part of its feedback on the draft Validation report. However, these documents have not been publicly disclosed and are therefore not considered in this assessment. The 2019 EITI Report confirms that there were no active oil and gas licenses in Sierra Leone at the end of 2019.</p>
<p>Environmental impact (Requirement #6.4)</p> <p><i>Not assessed</i></p>	<p>The Secretariat's assessment is that Sierra Leone has made significant efforts to disclose regulation surrounding the publication and assessment of Environmental Impact and Management Plans and some are published through the Environmental Protection Agency, though it does not appear that publication is comprehensive of all assessments and plans in the mining sector. Environmental Impact Assessments (EIAs) are issued through the Environmental Protection Agency and are a required step in the award of mining licenses, as stipulated by Mines and Minerals Act of 2009. It is not clear upon review whether the oil and gas sector follows the same regulation as the mining sector nor is there an assessment of how regulation is applied in practice throughout the country. Given that Requirement 6.4 has not yet been exceeded, it remains marked as not assessed. While Sierra Leone is commended on positive steps taken since the last Validation, namely the publication of some Environmental and Social Health Impact Assessments and Environmental Social Management Plans through the Environmental Protection Agency's website, the lack of inclusion of artisanal and small-scale mining under the purview of the Environmental Protection Agency of Sierra Leone seems like a major gap given ASM's significant presence in the country. There is likewise no documentation provided concerning the environmental management and monitoring of extractive investments in Sierra Leone.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> In accordance with Requirement 2.4.c, Sierra Leone should clarify its policy on the disclosure of contracts and licenses that govern the exploration and exploitation of minerals. Sierra Leone should maintain a list of all active oil, gas and mining contracts and licenses, indicating which ones are publicly available and which are not. Once the policy on the disclosure of contracts and licenses has been clarified, Sierra Leone should publish an explanation for any deviations between disclosure practices and legislative or government policy on contract and license 	

disclosure. Regarding mining licenses, the template for different license types should be disclosed, accompanied by a clarification of which licenses are pro forma and which are not. These could be integrated into the MCAS portal.

Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

Since the previous Validation, Sierra Leone has made progress in establishing a mechanism for assessing whether there have been material deviations from the statutory procedure for awarding mining licenses. Adopting a risk-based assessment rather than a random selection process could further help to alleviate stakeholders' concerns over the license award process and reveal any irregularities. In the period under review (2019), Requirement 2.2 is strictly applicable only to mining license awards, as there were no awards of oil and gas licenses and no transfers of oil, gas or mining licenses in the period under review. Nevertheless, EITI reporting provides information about the 2018-2019 oil license bidding round (concluded in February 2020), as well as general procedures for awarding and transferring licenses.

Hosted by the National Minerals Agency, the Mining Cadastre Office manages the [MCAS System](#) and the SLEITI website hosts the [Open Data Mapping Application](#). The MCAS system provides for systematic disclosure of all information listed under Requirement 2.3.b for mining licenses and appears to list all active mining licenses in Sierra Leone, including artisanal mining licenses, which is a clear improvement from the 2018 Validation Report when these contracts and licenses were not present in the MCAS System. There are currently no active oil and gas licenses in Sierra Leone.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
<p>Contract and license allocations (Requirement #2.2)</p> <p><i>Mostly met with considerable improvements</i></p>	<p>The Secretariat's assessment is that Sierra Leone has mostly met Requirement 2.2, with considerable improvements since the previous Validation. The objective of allowing stakeholders to identify and address possible weaknesses in the license allocation process has been mostly fulfilled. The assessment of possible deviations from the statutory framework is based on a random selection of licenses awarded in 2019. The MSG argued in its feedback on the draft Validation report that the requirement should be considered as fully met. It welcomed recommendations on further strengthening the methodology for assessing non-trivial deviations. However, it noted that as the Standard did not provide clear guidance on how deviations should be investigated, they should not be sanctioned for the selected methodology. The Secretariat recognises the efforts made by the MSG, as well as by government agencies, to investigate and address</p>

	<p>deviations related to the process for awarding mining licenses. However, the Secretariat’s assessment is that considering recent concerns related to deviations in the allocation of mining licenses, fully achieving the objective of the requirement requires strengthening the methodology.</p> <p>For mining, the Mines and Minerals Act lays out the procedure for the award of mining licenses and EITI reporting adds value by providing additional information concerning large-scale and some small-scale mining licenses. Mining licenses and rights are granted through a ‘first come first assessed’ procedure. All information listed under Requirement 2.2 is disclosed for mining license awards and transfers through EITI reporting and the National Minerals Agency website. A comprehensive list of all mining licenses can be found through the National Minerals Agency MCAS System, which enables searching licenses by date of award. It appears that information of all licenses awarded in the period under review (2019) has been disclosed. EITI reporting and stakeholder consultations suggest that no mining licenses were transferred in 2019. Specific technical and financial criteria used in the application and transfer processes are clearly outlined. However, technical and financial criteria do not appear to be weighted but are rather required to be documented in a company’s application materials, meaning that all technical and criteria are assessed equally.</p> <p>To confirm that there were no non-trivial deviations in the award and transfer of mining licenses and rights, four companies – two with large-scale and two with small-scale mining licenses – were required to present further documentation. Upon review, no material deviations from the applicable legal and regulatory framework were found. However, previous EITI reporting identified Kingho Investment Limited as deviating from standard bidding procedure before being awarded a license and while this license has since been cancelled, Kingho remains active in Sierra Leone and could have been selected for further review, especially in light of Kingho’s lack of provision of beneficial ownership information and audited financial statements for the 2019 fiscal year. Concerning Environmental Impact Assessments (EIA) and the adherence to statutory procedures, the 2019 Auditor General’s Report identified at least 16 licenses that were awarded without EIA licences thus contravening Sections 108 (a) and 98 (a) of the Mines and Minerals Act of 2009. Consulted stakeholders noted that in the past, a lack of communication between the EPA and the NMA led to gaps in the process, but that improved communication has led to improved monitoring of and application for these assessments during the license award process. In addition, stakeholders noted that civil society active in the EITI had undertaken advocacy to ensure that deviations were addressed.</p> <p>With regards to the oil and gas sector, EITI reporting corroborates information found on the Petroleum Directorate website on the award of licenses. For the 2019 fiscal year, there were no oil and gas licenses awarded and the only active oil and gas license belongs to Innoson Oil and Gas, which was awarded a license on 1 April 2021 through the Round 4 Tender process that concluded in 2020. The fourth Offshore Petroleum Licensing Round was initially launched in January 2018 for a six-month period but after delays, it was re-launched in May 2019 and concluded in February 2020 with one exploration license awarded to Innoson Oil & Gas on 1 April 2021 (the award of this license has yet to be ratified by Parliament). While the licensing round began during the period under review, the awarding of the license took place after 2019. The EITI Report notes that there were no oil and gas licenses awarded in the period under review. Oil and gas licenses can be granted through direct negotiations or through a competitive</p>
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	<p>tender process but neither government sources nor the 2019 EITI Report defines when one process is to be used over the other. Financial and technical criteria, including weighting of specific criteria, is well explained but it is not clear whether the same technical and financial criteria are to be used during license transfers as during the initial awards process. Likewise, it remains unclear whether there are concrete steps required for the transfer of licenses outside of a value judgement made by the Minister of the Petroleum Directorate. Gaps in statutory procedures for transfers in mining and oil and gas are not material given that in practice, the 2019 EITI Report confirms that there were no transfers in 2019.</p>
<p>Register of licenses (Requirement #2.3) <i>Fully met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has fully met Requirement 2.3. The objective of ensuring the public accessibility of comprehensive information on property rights related to extractive deposits and projects is fulfilled. Sierra Leone was assessed as having made 'satisfactory progress' on this requirement in the previous Validation.</p> <p>The National Minerals Agency hosts, and the Mining Cadastre Office manages the MCAS portal that covers all active mining licenses. The mining license registry appears to list all active mining licenses and upon review of artisanal, small-scale and large-scale licenses, coordinates, dates of application, award and expiry, and commodities are all comprehensively listed. The prior Validation of Sierra Leone noted that artisanal mining licenses were not covered in the MCAS portal, so the addition of these licenses is a clear improvement from the prior assessment. The MCAS portal exceeds the mandate of the 2019 EITI Standard through the documentation of some shareholding interests of companies awarded licenses, though this information is not complete. In the oil and gas sector, a publicly available license register does not exist but given that there were no active oil and gas licenses in the period under review, this does not impact the assessment of Requirement 2.3. The SLEITI MSG notes that a register exists in hard copy at the Petroleum Directorate and individuals must be physically present and can only request information about particular licenses as opposed to being able to view a comprehensive list in either list or map form. Furthermore, inquiring about individual oil and gas licenses requires the payment of a fee. Given the lack of oil and gas licenses in the period under review, the above aspects of the oil and gas register do not represent material gaps.</p>

New corrective actions and recommendations

- In accordance with Requirement 2.2, Sierra Leone should comprehensively disclose information on non-trivial deviations from the statutory framework for all contract and license awards and transfers in the period under review. The government should continue to prioritise efforts to strengthen institutional collaboration, in particularly between the EPA and NMA, with regards to license allocation. The MSG is encouraged to adopt a robust approach, such as a risk-based methodology, that builds on existing disclosures in evaluating and documenting incidences of material deviation. The MSG is expected to review annually if there have been awards and/or transfers of oil, gas and mining licenses and ensure disclosure of information in accordance with Requirement 2.2.
- To strengthen implementation of Requirement 2.3, Sierra Leone is encouraged to prepare for the award of licenses in the petroleum sector by establishing a cost-effective mechanism for disclosing all information indicated in 2.3.b.i-2.3.b.iv related to oil and gas licenses.

Beneficial ownership (Requirement 2.5)

Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the framework agreed by the Board in June 2019.⁴ The assessment consists of a technical assessment focusing on initial criteria and an assessment of effectiveness.

Technical assessment

The technical assessment is included in the Transparency template, in the tab on Requirement 2.5. It demonstrates that Sierra Leone has established a partial legal and regulatory framework for collecting, but not disclosing, beneficial ownership information through the Mineral and Mines Act 2009 and the Petroleum (Exploration and Production) Act 2011, which require license applicants to submit beneficial ownership information. The Mines and Minerals Development Bill currently being debated in Parliament, as well as an ongoing process to amend the Companies Act 2009, would mandate that the government to collect and disclose BO information of all companies, not just publicly-listed mining companies.⁵

In practice, it does not appear that beneficial ownership information has been requested from all companies holding or applying for extractive licenses since January 2020. As part of EITI reporting, BO data was requested from, and provided by some of the 14 mining companies that were considered material. There are provisions in the Corporate Governance Code requesting BO reporting, but providing the data is not mandatory and the information is not publicly accessible. BO data is not publicly available regarding the applicants for the offshore oil bidding round that began in late 2019 and concluded in 2020. Innoson Oil & Gas was awarded an exploration license (that has yet to be ratified by Parliament), but it does not appear that beneficial ownership information was requested. Legal ownership information can be found through the 2019 SLEITI Report for 11 of the 14 companies considered material, though legal ownership information for other extractive companies is not available in a centralised location. Government stakeholders noted that legal ownership information can be found through individual company filings.

Assessment of effectiveness

Sierra Leone has used the EITI to document the existing legislation on beneficial ownership data collection and to start collecting and disclosing some beneficial ownership data from the largest mining companies operating in the extractive sector. EITI reporting provides an assessment of the comprehensiveness and reliability of the information collected from the 11 material mining companies, but there is no explanation for those material mining companies that did not report beneficial ownership information. The MSG successfully collected BO data from some of the larger mining companies, such as Koidu Ltd. On the other hand, Kingho Ltd did not disclose its beneficial owners, despite its license being the subject of public controversy. Even with past debate regarding deviations from statutory licensing procedures, the MSG does not appear to have discussed particular companies or licenses that could be considered 'high risk'. Third-party assessments of the legal and regulatory environment for beneficial ownership disclosure such as

⁴ <https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement>.

⁵ The Mines and Minerals Development Act was approved by the Parliament in August 2022.

the Financial Action Task Force’s (FATF) December 2020 [Mutual Evaluation Report](#) resulted in a finding of partial compliance, given the lack of comprehensive requirements to identify and verify beneficial owners and the absence of a beneficial ownership register. A recent SLEITI report on the status of beneficial ownership transparency in Sierra Leone offers practical recommendations for the MSG to address legal and practical barriers to comprehensive and quality disclosures.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
<p>Beneficial ownership (Requirement #2.5)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has partly met Requirement 2.5. The objective of enabling the public to know who ultimately owns and controls the companies operating in the country’s extractive industries is yet to be fulfilled. Beneficial ownership information was clearly requested only from material mining companies. Additional reporting under the Corporate Governance Code is limited and not accessible to the public. Partial information on beneficial and legal owners is disclosed in the 2019 EITI Report (Annexes 9 and 10). The legal framework includes definitions of beneficial owner and enables collecting data from license applicants. However, there is so far no legal obligation for all extractive companies to disclose their beneficial owners.⁶ EITI reporting or other publicly available sources do not clearly indicate which extractive companies are publicly listed or wholly-owned subsidiaries of listed companies. The MSG argued in its feedback on the draft Validation report that requirement should be considered as mostly met, given efforts to collect BO data from material companies and to establish a legal basis for disclosures.</p> <p>The MSG recently commissioned a study on beneficial ownership with the aim of understanding the state of play and developing an implementation roadmap. To date, registries of legal and beneficial ownership do not exist and a key recommendation from the recently published study was to reform the Companies Act 2009 and the Mines and Minerals Development Bill to explicitly mandate the Corporate Affairs Commission to maintain a publicly available ownership registry. Progress is currently ongoing to inculcate BO requirements. in both the Companies Act and the Mines and Minerals Development Bill There is a legal and regulatory framework for the collection of beneficial ownership information from mining companies applying for licenses through existing legislation, such as the Mineral and Mines Act 2009. Consulted stakeholders expressed that while the draft Mines and Minerals Development Bill would strengthen beneficial ownership collection and disclosure in the mining sector, further reforms to the Company’s Act are needed in order to extend these to the oil and gas sector and beyond the extractive sector. The Companies Act currently includes provisions for</p>

⁶ The Mines and Minerals Development Act approved in August 2022 establishes a legal basis for requesting and disclosing the beneficial owners of mining companies.

	<p>reporting of legal owners, as well as reporting of “beneficial interest”, when an individual’s ownership in a publicly listed company exceeds 10%.</p> <p>It remains unclear from EITI disclosures whether beneficial ownership data has systematically been requested from all companies holding or applying for extractive licenses since January 2020. Stakeholders consulted indicated that this information has not been explicitly requested from all companies applying for or holding a license in the extractive sector. The Corporate Governance Code requires companies to report beneficial owners to CAC, or to explain why they are not reporting. Stakeholder consultations suggest that some extractive companies have reported BO information to CAC, but this data is not publicly accessible. The MSG noted in its feedback on the draft Validation report, that requesting data from all extractive companies would have been challenging without legal basis.</p> <p>Sierra Leone's MSG has agreed upon a definition of beneficial ownership that includes thresholds for public disclosure. A legal definition of 'politically exposed person' is included in this definition and both are publicly available. Sierra Leone's EITI reporting indicates that beneficial ownership data has been requested from 14 companies deemed material in the 2019 EITI Report. Six companies reported BO data while legal ownership information is provided for by 11 of the 14 companies. Companies selected to report were requested to report all relevant data points listed in Requirement 2.5. The same quality assurances were requested as for other disclosures made by companies (see <i>Requirement 4.9</i>). There does not appear to be any mention about beneficial ownership information for applicants and bidders for extractive licenses. A brief assessment of the comprehensiveness and reliability of the disclosures are provided for in Annex 11 of the 2019 EITI Report. A review of the disclosed BO information suggests that the ultimate beneficial owners of most major companies are captured.</p> <p>There is no indication that the MSG has yet undertaken a review of the comprehensiveness and reliability of beneficial ownership disclosures by all extractive license-holders and applicants to date, although the 2019 EITI Report indicates which of the 14 material companies submitted BO data. There is currently no publicly accessible registry of beneficial and legal ownership for all companies operating in the extractives sector. Building on the SLEITI BO report that included practical recommendations, the MSG has set out specific activities in the 2022 work plan to address legal and practical barriers to comprehensive and quality disclosures. These include efforts to lobby key stakeholders to enact the Mines and Mineral Development Bill, map out strategies for implementation of the dedicated BO report, undertake a study on Phase 2 of BO Implementation and work with key agency to support launching of a public BO registry. A BO Technical Working Group has been established by the MSG to monitor and evaluate progress and report back to MSG and other key stakeholders on progress</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • In accordance with Requirement 2.5, Sierra Leone is required to disclose the beneficial owners of all companies holding or applying for extractive licenses. To ensure disclosure of this information going forward, Sierra Leone should undertake the following measures: <ul style="list-style-type: none"> ○ Request all companies holding oil, gas and mining licenses to disclose beneficial ownership information and provide adequate assurances for data reliability. The government is encouraged to establish a public register of beneficial owners. ○ Ensure that all applicants for oil, gas and mining licenses to disclose their beneficial owners. 	

- Undertake an assessment of the comprehensiveness and reliability of beneficial ownership disclosures by all extractive companies to date.
- Ensure comprehensive disclosure of legal owners of oil, gas and mining companies.

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

EITI Requirements related to state participation in the extractive sector are not applicable in the period under review (2019). However, recent agreements in both the mining sector (Marampa Mines, 2021) and petroleum sector (Innoson Oil and Gas, ratification process ongoing) suggest that the requirements may be applicable in the next Validation cycle. The state is increasing its role in the sector through direct participation in both mining and oil projects. The Mines and Minerals Development Bill, currently discussed by the Parliament, grants the state a 10% free carried interest in large-scale mining projects. Sierra Leone is expected to establish disclosure and reporting procedures to ensure that state participation is fully covered through systematic disclosures and in EITI reporting.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
<p>State participation (Requirement #2.6)</p> <p><i>Not applicable</i></p>	<p>The MSG indicates in the Transparency file that Requirement 2.6 is not applicable in the period under review. The International Secretariat agrees with this assessment, as there is no indication of state participation in the extractive sector in the period under review (2019). The 2018 Validation report covers the repayment of the EUR 22m loan initially provided by the state to Sierra Rutile Limited, but the 2019 EITI Report states that the MSG considered loans and loan guarantees to be outside the scope of reporting due to flexible reporting for this validation cycle. However, the 2019 EITI Report does include a comment from the Independent Administrator that government agencies and extractive companies have confirmed that they did not provide loans or loan guarantees to mining, oil and gas companies operating within the country. Evidence suggests that the loan given to Sierra Rutile, with funds initially loaned to government from the European Union, was repaid before 2019. Concerning the state's 10% free carried interest in the Marampa Mine, industry and government stakeholders consulted confirmed that the state acquired this interest after the period under review. These stakeholders noted that, for the license awarded to Innoson Oil and Gas, the state did exercise their 10% free carried interest.</p>
<p>Sale of the state's in-kind revenues</p>	<p>The 2019 EITI Report, along with the Feasibility Study for Mainstreaming EITI Reporting in Sierra Leone and SLEITI MSG meeting notes from 24 September 2021 all confirm that Requirement 4.2 is Not Applicable in the period under review.</p>

<p>(Requirement #4.2)</p> <p><i>Not applicable</i></p>	
<p>Transactions related to state-owned enterprises (Requirement #4.5)</p> <p><i>Not applicable</i></p>	<p>The MSG indicates in this template that Requirement 4.5 is Not Applicable in the period under review. The International Secretariat agrees with this assessment. There appear to have been no SOEs active in the extractive sector in the period under review (2019)</p>
<p>Quasi-fiscal expenditures (Requirement #6.2)</p> <p><i>Not applicable</i></p>	<p>The 2019 EITI Report outlines the role of the state in mining and oil and gas activities and concludes that given that there are no state-owned enterprises participating in either sector, Requirement 6.2 is not applicable in the period under review.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> To ensure implementation of Requirement 2.6, Sierra Leone is encouraged to consider the existence and materiality of transactions related to state interests in mining and petroleum activities, including details regarding the terms attached to their equity stake and any changes therein, on an annual basis to ensure that any material in-kind revenues arising from the state's stake are recorded. Sierra Leone is expected to disclose the policies and practices regarding the financial relationship between the state and any extractive companies in which it holds (majority or minority) equity interests, including those related to loans and loan guarantees, dividends, reinvestment, retained earnings and third-party financing. 	

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

Sierra Leone produces and exports five key mineral commodities: gold, diamonds, iron ore, bauxite and rutile. A significant share of gold and diamonds is artisanal mined and estimates in the ASM Baseline study show that more than 95% of produced gold is illegally smuggled out of the country to be sold in neighbouring jurisdictions.⁷ There has been no oil and gas production to date. Sierra Leone has used its recent EITI reporting as a central point of reference for mineral production and export volumes and values given that this information is not readily available through government websites. Available information is disaggregated beyond the requirement, concerns remain about the comprehensiveness of disclosures. It does not appear that ASM production and exports were taken into account for gold and diamonds even though the Environmental Protection Agency's [ASM Report on Sierra Leone](#), the CEMMATS' [Baseline Study](#)

⁷ <http://www.sleiti.gov.sl/index.php/documents/sierra-leone-asm-baseline-study-report>

[on Artisanal Mining](#) and the Kimberley Processes' [website](#) all provide credible information on ASM production and exports in Sierra Leone. Further, it appears that the production and export volumes and values provided through EITI reporting and the Transparency template are only representative of a limited selection of material companies. Disclosures on diamond exports are disaggregated by exporter, parcel and destination, including the value of the 3% export duty. This level of disaggregation is commendable.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
<p>Production (Requirement #3.2)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has mostly met Requirement 3.2. Publicly available production data does not appear to be comprehensive. In the oil and gas sector, there were no active licenses in the period under review and therefore no production values or volumes to report. In the mining sector, the 2019 EITI Report provides production volumes and values for what appears to be a selection of five large-scale mining operations. The MSG's feedback confirms that the data available in the 2019 EITI Report covers material large scale companies, but not all mineral production. The MSG argued that the requirement should be considered as fully met, as available data represents a "significant portion" of the sector.</p> <p>The Bank of Sierra Leone (BSL) data portal includes timely systematic disclosures of production volumes by commodity. The MSG does not appear to have reviewed the comprehensiveness of this data vis-à-vis other data sources. The MSG's feedback on the draft Validation report notes that the NMA is the primary source of this data. The MSG has commenced discussions with NMA and BSL to ensure comprehensive systematic disclosures of production volumes and values.</p> <p>Estimates for artisanal mining production volumes and values, mainly for gold and diamonds, found through the Environmental Protection Agency's ASGM Overview of Sierra Leone and the SL Baseline Study on Artisanal Mining, indicate that total production volumes and values of gold and diamonds are higher than what is reported in this Transparency template and through the 2019 EITI Report. Kimberly Process estimates for diamond production in 2019 are also about 200,000 carats higher than estimates published in the 2019 EITI Report. The MSG noted in its feedback on the draft Validation report that going forward it will consider disclosures of estimates of ASM data.</p> <p>The MSG indicates in the Transparency file that not all production volumes and values were captured due to some companies falling below the materiality threshold of 0.1% of the total government revenue generated from the extractive sector. However, from the list of companies that met the materiality threshold (36 in total), only five companies, all large-scale mining companies, appear to be included in the production volumes and values in the EITI Report. According to the 2019 EITI Report, the NMA should have provided individual production reporting templates with volumes and values for all companies above the materiality threshold and a single reporting template for companies</p>

	<p>falling below the threshold. While those below the threshold would not have been disaggregated, this production information appears to be missing from the 2019 EITI Report and the Transparency template. For production volumes and values recorded for the 5 large-scale mining companies, these figures are disaggregated by region, commodity, and project. The 2019 EITI Report suggests that production values are calculated based on production costs (rather than e.g., sales value), which suggests that production values are underestimated, although the disclosure of production costs is commendable.</p>
<p>Exports (Requirement #3.3)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has mostly met Requirement 3.3, which represents backsliding since the previous Validation. The level of disaggregation of available export data is commendable, but concerns remain about the comprehensiveness of the data. The MSG argued in its feedback that the requirement should be considered as fully met.</p> <p>In the oil and gas sector, there were no active licenses in the period under review and therefore no export data to report. Concerning exports in the mining sector, the 2019 EITI Report provides export volumes and values for what appears to be only 15 out of 36 mining companies deemed to be above the 0.1% materiality threshold. Many of these companies are exporters, presumably buying commodities from ASM producers.</p> <p>The ASGM Overview, written in 2018, estimated that the annual export value of gold produced would be approximately 130 million USD. The SL Baseline Study corroborates this disparity in gold exports versus what is provided through 2019 EITI Reporting as it notes that only about 4% of gold produced in Sierra Leone is exported legally, with most gold being smuggled through Guinea. It does not appear that the MSG took artisanal gold mining into account when estimating export volumes and values. Kimberly Process estimates for diamond exports in 2019 are slightly higher than those provided through EITI reporting. It appears that the 2019 EITI Report does take artisanal mined diamonds into account when it comes to exports. For export volumes and values reported by company, these figures are further disaggregated by region, commodity, and project.</p> <p>Additionally, the Bank of Sierra Leone discloses in its data portal monthly export values by commodity in a timely manner, although these are not referenced in the Transparency file. Systematic disclosure of export volumes do not appear to be available through any government websites. The MSG's feedback on the draft Validation report notes that the NMA is the primary source of this data. The MSG has commenced discussions with NMA and BSL to ensure comprehensive systematic disclosures of production volumes and values.</p> <p>Of greater concern, the MSG states in the Transparency template that not all export volumes and values were captured due to some companies falling below the materiality threshold of 0.1% of the total government revenue generated from the extractive sector. In accordance with Requirement 3.3, all export volumes and values should be reported, regardless of any materiality threshold.</p>

New corrective actions and recommendations

- In accordance with Requirement 3.2, Sierra Leone is required to disclose comprehensive data on production volumes and values, including for companies that fall below the materiality threshold. The MSG is encouraged to review data available from different sources to establish whether comprehensive systematic disclosures are currently available. Sierra Leone is encouraged to consider

covering estimates of ASM production in EITI reporting, drawing on available data collated by the Kimberley process and government agencies. NMA is encouraged to consider systematically disclosing the production data it collects from companies to improve the timeliness of disclosures. The MSG may wish to consider alternative methods for calculating production values, in addition to disclosing production cost data, to ensure that the full value of production is captured in disclosures.

- In accordance with Requirement 3.3, Sierra Leone is required to disclose comprehensive data on export volumes and values, including for companies that fall below the materiality threshold. Government agencies are encouraged to continually systematically disclose this data in open format, including both export volumes and values disaggregated by commodity.

Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

Overview of progress in the module

Sierra Leone has established an approach for the disclosure of government revenues and company payments at the central government level and at the level of subnational and extra-budgetary entities. The 2019 EITI Report was published according to the “flexible” EITI reporting approach approved by the Board in response to the COVID-19 pandemic, departing from traditional EITI reconciliation in accordance with Requirement 4.1.c. The selected approach focusses on a mixture of unilateral disclosures by companies of their payments to central and local government and of government disclosures of extractive revenues. This has resulted in disclosures of government revenues from mining companies only, as no oil and gas companies were operating in the period under review. Government entities and material mining companies selected as material all provided the required data. Materiality thresholds for the selection of mining companies is twofold in that thresholds of both 0.1% of total government extractive revenues (36 material companies) and payments of USD500,000 or more in government payments from the extractive sector (14 material companies) are used. In practice, the 0.1% materiality threshold means that disaggregated unilateral government disclosures were provided for material payments made by 36 extractive companies whose total payments exceeded USD61,000. A smaller subset of 14 companies making payments above USD500,000 were requested to report on subnational and contextual information. For government entities and companies deemed material, extractive revenue data is disclosed to the requisite level of detail and data below revenue and payment thresholds are disclosed in aggregate.

The 2019 EITI Report relies on assurances from the Auditor General of Sierra Leone that all government agencies’ reporting templates have been certified. While the Independent Administrator (IA) provides a statement attesting that the comprehensiveness and reliability of financial data on company payments and government revenues disclosed in the 2019 EITI Report is of “high quality,” the EITI Report does not confirm that audit standards used by the Auditor General of Sierra Leone are in line with international audit standards. Six out of fourteen material mining companies did not submit audited financial statements for 2019 and two companies did not provide certified and signed reporting templates. Overall, consulted stakeholders appeared content with the flexible approach to EITI reporting.

The International Secretariat’s understanding is that there were no infrastructure provisions, barter arrangements or transportation revenues associated with government or SOEs in Sierra

Leone in the period under review. The Transparency file notes that the rail and port infrastructure currently being used by Kingho Railways and Port is 100% owned by the state and that Kingho is leasing this infrastructure from the government. The agreement between Kingho and the state is not yet public but, according to stakeholders, it will be published on the ResourceContracts website and through the government's online repository hosted by the National Minerals Agency, although the timeline for disclosure is unclear. The 2018 Validation report highlighted the Memorandum of Understanding (MoU) signed by China Kingho Energy Group and the government to develop the railway and port infrastructure that is now 100% owned by the state but leased by a Kingho subsidiary company. It concluded that there was insufficient evidence, either through the EITI Report or through stakeholder consultations, to deem Requirement 4.3 as Not Applicable. During consultations, government and industry stakeholders both confirmed that there were no infrastructure provisions, barter arrangements or transportation revenues in the period under review.

Despite complications arising from the COVID-19 pandemic, the SLEITI MSG has maintained timely publication of EITI reports, with further efforts ongoing to improve the timeliness and disaggregation of EITI disclosures. Material company payments in 2019 are at last partly disaggregated at project-level and the 2019 EITI Report provides the definition of what constitutes a project, in line with Requirement 4.7, as agreed by the MSG and reflected in the 2018 Extractive Industries Revenue Act. The 2019 EITI Report confirms that all government revenues (including tax and non-tax revenues) are levied at the level of mining or petroleum agreement, including corporate income tax, which is ring-fenced at the project level. SLEITI has included project-level disclosure for most revenue streams at the federal and subnational levels.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
<p>Comprehensive disclosure of taxes and revenues (Requirement #4.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has fully met Requirement 4.1. Disclosure of material and non-material company payments and government revenues from material mining companies are provided both in aggregate by revenue stream and government entity and by company and revenue stream. Given that there were no active oil and gas exploration licenses in the period under review, the MSG explained that there were no material revenues or payments arising from the oil and gas sector. The MSG's decisions on materiality thresholds are clear for the selection of revenue streams and companies. In line with the corrective action from the previous Validation, Capital Gains Tax (CGT) was considered in the scope, although no CGT payments were identified for 2019. There are no forms of taxpayer confidentiality that inhibit government entities from disaggregating revenues by stream and company and all government entities deemed material comprehensively disclosed all revenues, including from non-material companies. There are some concerns about the comprehensiveness of company data as six out of the fourteen material companies indicate that they do not publicly disclose their audited financial statements and for those companies that do, hyperlinks are not</p>

	provided through the 2019 EITI Report for ease of access. Public disclosure of audited financial statements is only an encouraged aspect of Requirement 4.1 and the lack of these statements from some material companies does not affect the Secretariat's assessment of this requirement. One stakeholder consulted explained that any large gaps between available company and government disclosures were clarified and that data provided was reliable.
Infrastructure provisions and barter arrangements (Requirement #4.3) <i>Not applicable</i>	The 2019 EITI Report, along with the Feasibility Study for Mainstreaming EITI Reporting in Sierra Leone and SLEITI MSG meeting notes from 24 September 2021 all confirm that Requirement 4.3 is Not Applicable in the period under review. Kingho Railways and Port is explained by the MSG to be leasing rail and port infrastructure that is 100% owned by the Government of Sierra Leone. There is no documentary or anecdotal evidence that the award of the railway and port concession to a subsidiary of a mining company was in full or partial exchange for the granting of mining rights or the physical delivery of mineral commodities. The lease agreement is not yet public, but stakeholder consultations suggest that there are plans to disclose the lease agreement.
Transportation revenues (Requirement #4.4) <i>Not applicable</i>	The 2019 EITI Report, along with the Feasibility Study for Mainstreaming EITI Reporting in Sierra Leone and SLEITI MSG meeting notes from 24 September 2021 all confirm that Requirement 4.4 is Not Applicable in the period under review. The MSG indicates in the Transparency template that the railway and port arrangement under the Kingho lease agreement is covered under Requirement 4.3, but the lease agreement is not yet public, although it should be disclosed soon and will then be reviewed. A review of the agreement is necessary to understand how the terms surrounding the use of the rail and port infrastructure owned by African Railway and Port Services (SL) Limited may have changed since the last Validation in 2018. The MSG is encouraged to pay particular attention to issues related to Requirement 4.4 going forward.
Level of disaggregation (Requirement #4.7) <i>Mostly met</i>	<p>The Secretariat's assessment is that Sierra Leone has mostly met Requirement 4.7. Financial data disclosed in the 2019 EITI Report is disaggregated by government entity, revenue stream, and company. In addition, data is disaggregated by mining agreement (project) for the six largest projects (Annex 6). A publicly available definition of project is available, but it remains unclear whether there is de facto project-level reporting, which would be the case if each material mining company holds only one exploration or production mining license. The MSG noted in its feedback on the draft Validation report that companies report their payments to NRA by project, in accordance with the Extractive Industries Revenue Act. It argued that the requirement should be considered as fully met. However, the MSG's comments also note that one mining company may have more than one license. It is not clear from the 2019 EITI Report or the Summary Data File, whether some of the material companies are involved in more than one project. The Secretariat is therefore unable to confirm whether revenues are reported de facto by project for projects other than the six that are clearly disaggregated.</p> <p>The MSG appears to have adequately scoped the specific material revenue streams collected by the central government that are levied at a project level. At the subnational level, only surface rent payments are considered to be within scope, and these payments are disclosed at the project level by the companies.</p>
Data timeliness (Requirement #4.8)	The Secretariat's assessment is that Sierra Leone has fully met Requirement 4.8. The 2019 EITI Report was published in December 2021, within two years of the end fiscal period. The 2017-18 EITI Report was published in December 2019. The MSG mentions

<i>Fully met</i>	in the Transparency template some cursory plans to improve the timeliness of reporting in future EITI reporting cycles but does not cite published documents reflecting these plans.
<p>Data quality and assurance (Requirement #4.9)</p> <p><i>Fully met</i></p>	<p>The Secretariat’s assessment is that Sierra Leone has fully met Requirement 4.9. The MSG has made efforts to ensure the reliability of EITI financial data, but its EITI reporting lacks a clear assessment of whether government data is subject to credible, independent audit applying international audit standards. The 2019 EITI Report builds on the flexible approach to reporting, so revenue data was not reconciled. Data was mostly disclosed unilaterally by government agencies, with additional information on subnational payments and social expenditures requested from companies. This underlines the importance of examining underlying audit procedures. Reporting entities’ adherence to the agreed data assurance mechanisms is documented in the 2019 EITI Report.</p> <p>The MSG provided additional information on the government’s auditing standards in its comments to the draft Validation report. It noted that government reporting entities’ financial statements are audited by the Audit Service of Sierra Leone. The Audit Service of Sierra Leone is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and African Organization of Supreme Audit Institutions (AFROSAI) and applies the International Standards of Supreme Audit Institutions (ISSAI) issued by (INTOSAI) in its auditing work. The Audit Service Sierra Leone’s Mandate and Framework are available online. The MSG confirmed that the Auditor General audited the accounts of all the reporting Government Agencies for 2019 before the EITI reporting process commenced. In light of this information, the Secretariat considers that the requirement has been fully met.</p> <p>The MSG agreed to an approach to disclosure of payments and revenues that is aligned with the terms of reference approved by the EITI Board for flexible EITI Reports. MSG deliberations and decisions are summarised through the 2019 EITI Report and meeting minutes for 2021 are publicly accessible through the SLEITI website. Reporting templates and methodology for the 2019 EITI Report are documented in the public domain. All non-financial information in the 2019 EITI Report appears clearly sourced.</p> <p>The 2019 EITI Report provides a review of government and company audit and assurance practices in 2019.. Industry stakeholders consulted noted that mining companies operating in Sierra Leone were typically subsidiaries of international companies and therefore adhered to international audit standards. The 2019 EITI Report notes that the MSG required all extractive companies selected as material to submit copies of their audited financial statements, Annex 11 of the 2019 EITI Report shows that six out of the 14 material mining companies did not submit their audited financial statements for 2019.</p> <p>The quality assurances for EITI reporting consisted of management certification of the reporting templates. The government reporting templates were attested by the Auditor General. Two of the 14 material companies (SierraMin Bauxite (SL) Limited and S.L Mining Ltd) did not submit certified and signed reporting templates, as requested by the MSG (Annex 11 of the 2019 EITI report). However, at least SierraMin Bauxite had its license cancelled, which may have affected its reporting. In total, these two companies contributed only 2.4% of total government revenue from the sector in 2019.</p> <p>A statement from the IA related to comprehensiveness and reliability of financial data on company payments and government revenues in the 2019 EITI Report confirms the</p>

	<p>assessment by the MSG of “high quality of overall data” reported by extractive companies and government entities. However, given the omission of signed quality assurances and audited financial statements by some companies, the reliability of company data remains a concern. Companies were requested to report on, for example, subnational payments and social expenditures, while payments to the central government were unilaterally disclosed by the government.</p>
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New corrective actions and recommendations

- To strengthen implementation of Requirement 4.1, Sierra Leone is encouraged to undertake further work towards systematically disclosing timely revenue data in open format. This work could build on the disclosure of non-tax revenues through the GoSL Online Repository.
- To strengthen implementation, Sierra Leone is encouraged to regularly consider whether any agreements, or set of agreements, involve the provisions of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production rights in accordance with Requirement 4.3.
- To strengthen implementation, Sierra Leone is encouraged to expand on their justification for why transportation revenues, and Requirement 4.4, are not applicable in Sierra Leone, by ensuring there is an explicit clarification from the Government of Sierra Leone that the state does not receive payments that arise from tariffs levied specifically on transportation of minerals.
- In accordance with Requirement 4.7, Sierra Leone is required to clarify whether revenues and payments are disclosed at project level, in accordance with the agreed definition of project. If any material companies hold several licenses, their payments to government should be disaggregated by project, if the revenue stream is levied at project level. If certain payments are levied at the level of multiple agreements that are substantially interconnected, Sierra Leone is encouraged to clearly identify and document which instances are considered to be a single project for the purposes of levying revenues.
- To strengthen implementation of Requirement 4.8, Sierra Leone is encouraged to document processes for improving the timeliness of EITI disclosures, where possible building on systematic disclosures by government and companies, with a view to improving the relevance of EITI disclosures to public debate and policymaking and encourage further systematic disclosure on the part of government and companies.
- To strengthen implementation of Requirement 4.9, Sierra Leone is encouraged to disclose the MSG’s assessment that the payments and revenues disclosed through annual EITI reporting are subject to credible, independent audit, applying international auditing standards. To strengthen the reliability of company disclosures, Sierra Leone should ensure that all companies considered to be material submit certified and signed reporting templates as well as audited financial statements for the period under review.

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

The 2019 EITI Report suggests that payments made to the consolidated fund and recorded in the national budget represented 98% of the total extractive revenues collected in 2019, while sub-national payments made by extractive companies accounted for approximately 2%. The 2016 [Public Financial Management Act](#) mandated the establishment of a Transformational

Development Stabilization Fund and an Intergenerational Savings Fund, to which extractive revenues would be directed. This reform is yet to be implemented. EITI reporting explains that the Constituency Development Funds (CDF) receive payments directly from large-scale mining companies (10% of land surface rent). The 2019 EITI Report does not provide links or direction to relevant financial reports associated with these funds and payments are not recorded in national or local budgets. Following an audit there has been [public debate](#) about the management of CDFs by Members of Parliament.

Stakeholders consulted considered that there had been continuous improvement throughout the EITI process to ensure the traceability of extractive revenues to the national budget and to ensure the same level of transparency and accountability for extractive revenues that are not recorded in the national budget.

Sierra Leone has used its EITI reporting to provide some information on the statutory budget and public-sector audit procedures, as well as some information on earmarked extractive revenues. Sierra Leone could use EITI implementation to publicly disclose forward-looking data on production levels and commodity prices that would help inform debate around resource dependence and revenue sustainability. It is also not clear what processes are in place to ensure accountability and efficiency in the use of earmarked funds.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
<p>Distribution of extractive industry revenues (Requirement #5.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's preliminary assessment is that Sierra Leone has mostly met Requirement 5.1, which represents backsliding compared to the previous Validation. The assessment does not suggest that disclosures have deteriorated since the previous Validation, but rather indicates that the current Validation Guide places emphasis on whether the objective of the requirement has been fulfilled. The objective of the requirement is to ensure the traceability of extractive revenues to the national budget and ensure the same level of transparency and accountability for extractive revenues that are not recorded in the national budget. The Secretariat's assessment based on available documentation and stakeholder consultations is that the second part of the objective is yet to be fulfilled. While the comprehensiveness of disclosures of subnational payments has improved (see <i>Requirement 4.6</i>), there are still concerns regarding accountability in their distribution, in particular related to revenues that are not recorded in local government budgets. The MSG argues in its feedback on the draft Validation report that the requirement should be considered as fully met, as significant progress has been made towards the transparency of subnational revenues. The feedback recognises accountability challenges in the use of subnational revenues.</p> <p>EITI reporting explains that not all extractive sector revenues are recorded in the national budget as some are paid directly to subnational government entities (MPs, district councils, paramount chiefs, chiefdom councils). Financial reports about the management</p>

	<p>of these funds do not appear to be publicly available. The lack of information about the management of subnational payments is considered a gap considering the relevance of the issue in Sierra Leone's context. Not all subnational payments are recorded in local government budgets, and there does not appear to be publicly available information about the allocation of these revenues, such as financial reports. The MSG's feedback highlights efforts by SLEITI, the Multi-Stakeholder Task Force on Public Disclosure of Subnational payments/transfers to communities and the Anti-Corruption Commission to increase transparency of the allocation of subnational revenues.</p> <p>The 2018 EITI Validation highlighted the need for more transparency around sovereign wealth funds (such as the Transformational Development Stabilization Fund and Intergenerational Savings Fund). The latest 2019 EITI Report does not appear to shed new light on these funds, although stakeholder consultations suggest that extractive sector revenues were not earmarked for these funds in 2019. The MSG's feedback confirms that the funds are not operational and that the MSG will ensure that once they do become operational, allocation of revenues to these funds will be disclosed. The 2019 EITI Report does not reference either national or international revenue classification systems.</p>
<p>Revenue management and expenditures (Requirement #5.3)</p> <p><i>Not assessed</i></p>	<p>The Secretariat's assessment is that Sierra Leone has made some progress in disclosing information on extractive revenue management and expenditure, although all encouraged aspects of Requirement 5.3 have yet to be addressed. Therefore, Requirement 5.3 remains not assessed, pending comprehensive disclosures of all information encouraged to be disclosed in accordance with Requirement 5.3. The 2019 EITI Report and government portals such as the Ministry of Finance and Audit Service of Sierra Leone websites provide information on earmarked extractive revenues and the central government's budget and audit procedures but do not appear to provide information on projections and assumptions underpinning the budget. While there are cursory descriptions of the funds financed by extractive revenues, there are no descriptions of the methods for ensuring accountability and efficiency in the use of earmarked funds. Some stakeholders consulted considered that while the 2019 EITI Report fills many gaps identified in the 2018 Validation Report, more efforts should be made to improve the transparency of the management of subnational revenues.</p>

New corrective actions and recommendations

- In accordance with Requirement 5.1, Sierra Leone should document the availability of public information on the management of subnational extractive revenues not recorded in the national budget, with links provided to relevant financial reports as applicable. Sierra Leone may wish to use its EITI reporting to document the national revenue classification system, with reference to international revenue classification systems. If implementation of provisions related to the Transformational Development Stabilization Fund and/or the Intergenerational Savings Fund commences, allocation of revenues to and from these funds should be disclosed with links to relevant financial reports.
- To strengthen implementation of Requirement 5.3, Sierra Leone is encouraged to use its EITI disclosures to provide timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence, which 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.

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

Sierra Leone's EITI reporting to date discloses information on companies' direct payments to subnational entities, including payments to landowners, district councils, chiefdom councils, paramount chiefs and members of parliament as it pertains to surface rent payments. The inclusion of paramount chiefs is a welcome improvement from the 2018 Validation when this subnational entity was not included in the scope of reporting. Subnational government and other recipient entities and material companies reported revenues, though it is not clear whether the data covers all extractive companies making material surface rent payments. The addition of payments to paramount chiefs is a welcome improvement.

The 2019 EITI Report identifies one mechanism for subnational transfers of government revenues – the Diamond Area Community Development Fund. The soon-to-be-ratified Mines and Minerals Development Bill⁸ would also introduce a new fund to replace the DACDF that would recognize and benefit not only diamond mining communities but all communities where extractive projects are present. EITI reporting provides detailed information about amounts transferred to various chiefdoms from the DACDF in the period under review and the 2017 EITI Report notes that the formula used to calculate these disbursements was based on the 2008 World Bank Guidelines. The formula governing disbursements from the central government to the DACDF is found in the 2019 EITI Report. The MSG has undertaken a comparison of how much should have been transferred to the DACDF according to the revenue-sharing formula (25% of diamond export duty) and how much was transferred in practice and found very little deviation. However, this assessment of deviations did not extend to notional versus actual transfers from the DACDF to chiefdoms in the period under review. The formula applied for transfers in 2019 does not appear to be publicly available, although consulted stakeholders noted that transfers were based on the number of licenses in each area. In its feedback on the draft Validation report, the MSG confirmed that the 2008 formula was in use in 2019 and disclosed the calculation of sums that should have been transferred to each community according to the formula.

Sierra Leone's EITI reporting plays an integral role in promoting transparency in social and environmental expenditures related to the extractive industries in the country as it does not appear that information on these topics is systematically disclosed through government websites. The 2019 EITI Report outlines the legal provisions mandating social expenditures in mining and oil and gas, although in practice, social expenditures were only made by mining companies in the period under review. The Secretariat's preliminary assessment is that the objective of enabling public understanding of extractive companies' social and environmental contributions and providing a basis for assessing extractive companies' compliance with their legal and contractual obligations to undertake social and environmental expenditures is much closer to being fulfilled as compared to the last assessment as improvements have been made in the comprehensiveness of disclosures of mandatory and voluntary social expenditures.

The selection of material companies represents a challenge for disclosures related to subnational contribution. Fourteen companies that in 2019 made payments to the government

⁸ Approved by the Parliament in August 2022.

exceeding USD500,000 were requested to report on subnational payments and social expenditures. It is challenging to confirm that no companies outside that scope made subnational or mandatory social payments in the period under review. Only four companies reported having undertaken mandatory social expenditures in 2019. The Secretariat was not able to confirm whether this represents a comprehensive picture of all mandatory social expenditures in that year. The Secretariat understands that not all community development agreements are finalised or active, which could explain why more companies did not report mandatory social expenditures in 2019. The MSG confirmed this in its feedback on the draft Validation report.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and preliminary assessment	Summary of progress in addressing the EITI Requirement
<p>Subnational payments (Requirement #4.6)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has fully met Requirement 4.6. The 2019 EITI Report comprehensively documents the payment and collection of surface rental payments from mining companies to local government units with material companies and subnational government entities submitting reporting templates. The selection of material companies was based on a USD500,000 threshold of total payments to government in 2019. Consulted stakeholders noted that recipient entities were requested to report land surface payment received from any mining company. None reported payments by companies that were not among those deemed as material in terms of their payments to the national government. This suggests that other (non-material) extractive companies did not make land surface rent payments. Stakeholders consulted noted that while there are other subnational payments that extractive companies make to local government units, surface rental payments were by far the most important and impactful. Hence other subnational payments are considered immaterial. This assessment is based on information collected from material companies, which were requested to report on any type of subnational payments. Companies did not report any other subnational payments other than surface rental during data collection phase.</p> <p>Companies were requested to attest that all information provided was reliable (see <i>Requirement 4.9</i>). EITI reporting was also used as an opportunity to discuss progress on the standardisation of surface rental payment rates, which was considered as part of the revision of the mining bill.</p>
<p>Subnational transfers (Requirement #5.2)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has fully met Requirement 5.2. Information on subnational transfers from the Diamond Area Community Development Fund (DACDF) can be found through EITI reporting and the formula used to calculate revenue distributions from the central government to DACDF is publicly available. Actual transfers to each subnational government entity from DACDF in the period under review are listed in Annex 12 of the 2019 EITI Report. The formula guiding transfers from DACDF to communities in 2019 is available through a 2008 publication from the Ministry of Mineral Resources and Ministry of Local Government that government stakeholders confirmed was still in use. However, it does not appear that a comparison was made</p>

	<p>between projected figures using this formula and what was actually transferred in 2019 to highlight any possible deviations. The available information does not enable the public to undertake this assessment, as the distribution of revenues is based on the number of licenses in each community. Following the draft Validation report, SLEITI disclosed on its website the calculation of how much should have been transferred to each community in 2019 and the underlying number of licenses. The MSG has not documented an analysis of whether calculated amounts correspond with actual transfers. The calculated sums are in leone, while the actual transfers are presented in USD in the 2019 EITI Report. However, with the exchange rate available, it is possible for the public to make the comparison between sums calculated in accordance with the revenue-sharing formula, and actual transfers.</p> <p>Data quality and assurance of information procedures do not appear to be addressed for DACDF transfers, specifically, and there is no documentation around how extractive revenues are managed at the subnational level. However, data quality and assurance of information are only encouraged aspects of Requirement 5.2 and do not represent material gaps. While the MSG notes that there are reforms in progress to improve the revenue sharing mechanism and its accountability, it is not clear whether this is addressed outside of the Transparency template.</p>
<p>Social and environmental expenditures (Requirement #6.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Sierra Leone has fully met Requirement 6.1. The 2019 EITI Report discloses mandatory and voluntary social expenditures. MSG feedback on the draft Validation report confirms that the disclosures of mandatory social expenditures in 2019 are comprehensive.</p> <p>EITI reporting outlines the relevant sections of law that require mandatory social expenditure and environmental expenditure by extractives companies, which in Sierra Leone's current situation consists of only mining companies. Community development agreements (CDAs) govern social payments and are required under Section 139 of the Mining Code to be agreed between all small and large-scale mining operations and the primary host community. Civil society stakeholders consulted stressed the need for more transparency around Community Development Agreements and their implementation in practice. Stakeholders noted that adherence to proper procedures has improved with better communication between the National Minerals Agency and the National Revenue Authority. Given the lack of systematic disclosure of mining companies' mandatory social expenditures, the 2019 EITI Report requested information on social and environmental expenditures from 14 mining companies considered material. A threshold indicating which social and environmental expenditures were considered material was not used, meaning that all such expenditures were disclosed. Seven out of 14 material mining companies reported social and environmental expenditures with four out of these seven disclosing mandatory expenditures disaggregated at the level mandated in Requirement 6.1.a. The IA explained that payments made through CDAs are based on revenues from the prior fiscal year. The IA noted that this explained why only four companies reported mandatory social payments in 2019 The IA considered that all mandatory social payments were captured in the 2019 EITI Report. Data quality pertaining to mandatory social or environmental payments is provided through agreed quality assurances for company EITI reporting defined in Requirement 4.9. The reporting covers discretionary social expenditures as well. These are disclosed by six out of the fourteen material mining companies.</p> <p>Some government stakeholders indicated that the NMA collects information on mandatory and voluntary social expenditures through regular company reporting. However, this is not disaggregated to the level required by Requirement 6.1 or publicly available. Systematic</p>

	<p>disclosures of this information could, however, provide additional, timely information to stakeholders and help to ensure the comprehensiveness of EITI reporting.</p> <p>Environmental licensing and monitoring fees paid by companies to the EPA are disclosed in the annexes of the 2019 SLEITI Report unilaterally by the EPA. Additionally, companies have disclosed other environmental expenditures. The disclosure of these payments appears to be comprehensive.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 4.6, Sierra Leone is encouraged to consider other direct subnational payments aside from surface rental payments and discuss whether other types of direct subnational payments could be considered of material significance to key stakeholder groups and thus should be included in the scope of EITI disclosures. • To strengthen implementation of Requirement 5.2, the MSG is encouraged to compare the amounts calculated in accordance with the revenue-sharing formula with the actual transfers from DACDF to each community. If discrepancies are identified, Sierra Leone is encouraged to investigate the reasons behind these. • 	

Background

Overview of the extractive industries

An overview of the extractive industries is accessible on the [country page](#) of the EITI website for Sierra Leone.

History of EITI implementation

The history of implementation is accessible on the [country page](#) of the EITI website for Sierra Leone.

Explanation of the Validation process

An overview of the Validation process is available on the EITI website.⁹ The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, while the more detailed [Validation procedure](#) include a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team include Regional Director Gilbert Makore and Country Manager Edwin Wuadom Warden, while the Validation team was comprised of Disclosure and Civil Society Engagement Lydia Kilpi and Consultant Riley Zecca. The internal review for quality assurance was conducted by Anglophone Africa Director Gilbert

⁹ See <https://eiti.org/validation>

Makore, Technical Director Alex Gordy, Communications Director Joanne Jones and Executive Director Mark Robinson.

Confidentiality

The detailed data collection and assessment templates are publicly accessible, on the internal Validation Committee page here.

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency.

Timeline of Validation

The Validation of Sierra Leone commenced on 1 April 2022. A public call for stakeholder views was issued on 1 March 2022. Stakeholder consultations were held virtually on 23 May to 3 June 2022. The draft Validation report was finalised on 10 August 2022. Following comments from the MSG received on 7 September 2022, the Validation report was be finalised for consideration by the EITI Board.

Resources

- Validation data collection file – [Stakeholder engagement](#)
- Validation data collection file – [Transparency](#)
- Validation data collection file – [Outcomes and impact](#)