

Validation of Sierra Leone
Draft Validation Report
CowaterSogema Independent Validator
6th March 2019

1. EXECUTIVE SUMMARY

The Government of Sierra Leone first announced its intention to join the Extractive Industries Transparency Initiative (EITI) in June 2006 and formed their first multi-stakeholder group (MSG), the Sierra Leone EITI Steering Committee (SLEITI), in June 2007. The government reaffirmed their commitment in October 2010 and on 22 February 2008 Sierra Leone was accepted as an EITI Candidate at the 4th EITI Board Meeting in Accra, Ghana. By November 2018, Sierra Leone has published seven EITI Reports covering eleven fiscal years, 2006-2016.

On 25 October 2016, the Board agreed that Sierra Leone's Validation under the 2016 EITI Standard would commence on 1 July 2018. Sierra Leone's application for an extension of Validation was declined by the EITI Board, which nonetheless agreed to consider any progress made up to 4 September 2018. This report presents the findings and initial assessment of the International Secretariat's data gathering and stakeholder consultations. While the assessment has not yet been reviewed by the MSG, the Secretariat's preliminary assessment is that 14 of the requirements of the EITI Standard have not been fully addressed in Sierra Leone. Five of these are unmet with inadequate or no progress. The suggested corrective actions identified through this process relate to industry engagement (#1.2), civil society engagement (#1.3), MSG governance (#1.4), work plans (#1.5), license allocations (#2.2), state participation (#2.6), production data (#3.2), comprehensiveness (#4.1), barter agreements (#4.3), direct subnational payments (#4.6), data quality (#4.9), subnational transfers (#5.2), mandatory social expenditures (#6.1) and public debate (#7.1). Strategic recommendations to improve implementation of other EITI requirements are also included.

This draft validation report follows on from a quality assurance review of the International Secretariat's initial assessment. The Validator has downgraded industry engagement (#1.2) from meaningful progress to inadequate progress.

2. BACKGROUND

Sierra Leone is a country in West Africa bordering Guinea and Liberia. With an estimated population of 7.4m in 2016 and a gross domestic product (GDP) of almost USD 3.6bn the country is categorised as a low-income country. Life expectancy is on the rise and is currently estimated as 51.8 years.¹ The country is ranked 184 of 189 on the Human Development Index in 2017, with a score of 0.419. Still, this is a significant increase from 1990 levels² which shows steady progress in human development despite significant socio-economic challenges.

In 1991 to 2002 the country experienced a brutal civil war killing more than 70 000 people and displacing

¹ World Bank (2018), 'DataBank: Sierra Leone', accessed on 30 November 2018. Available at: <https://data.worldbank.org/country/sierra-leone>

² United Nations Development Programme (2018), 'Human Development Reports: Sierra Leone', accessed on 30 November 2018. Available at: <http://hdr.undp.org/en/countries/profiles/SLE#>

approximately half of the population.³ Mineral resources played a vital role in funding the conflict. After the civil war Sierra Leone became one of the fastest growing economies in the world with a 20.7% GDP growth in 2013.⁴ However, in 2014 the country was again faced with crisis as the Ebola virus epidemic affected the country, leading to 14 124 cases and 3 956 deaths, while commodity prices plummeted globally at the same time. Although the World Health Organisation declared the country Ebola-free in 2016⁵, the economy experienced a significant contraction of 20.6% in 2015.⁶

However, according to the latest Article IV Consultation of the International Monetary Fund (IMF), Sierra Leone's economy is slowly recovering, and a large focus on policy corrections and structural reforms has been maintained.⁷ This is also evident through several broader reforms both by the current and former government, as evident in several wider governance indicators.^{8,9,10}

The extractive industries are the second-largest sector in Sierra Leone after agriculture, and the largest in terms of exports. Sierra Leone's extractive industries mainly rely on four commodities: diamonds, iron ore, rutile and bauxite. Other commodities produced include zircon, ilmenite and gold. The country's mineral exports accounted for 91.6% of total exports in 2016. Artisanal and small-scale mining is a significant contributor to the country's mining sector, particularly in diamonds and gold, with the former accounting for almost half of total export sales.¹¹ For large-scale mining operations, rutile and iron remain the largest sources of export earnings, valued at more than USD 100m and 140m respectively. Sierra Leone is one of the world's largest producer of rutile, a form of titanium dioxide that is often used for production of heat-resistant ceramics, pigments and for producing titanium metals.

³ United Nations Development Programme (2006), 'Evaluation of UNDP Assistance to Conflict-Affected Countries: Case Study Sierra Leone', accessed on 30 November 2018. Available at: <http://web.undp.org/evaluation/documents/thematic/conflict/SierraLeone.pdf>

⁴ World Bank (2018), 'DataBank: GDP growth Sierra Leone', accessed on 30 November 2018. Available at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=SL>

⁵ World Health Organization (2016), 'Ebola situation report – 16 March 2016', accessed on 30 November 2018. Available at: <http://apps.who.int/ebola/current-situation/ebola-situation-report-16-march-2016>

⁶ World Bank (2018), 'DataBank: GDP growth Sierra Leone', accessed on 30 November 2018. Available at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=SL>

⁷ International Monetary Fund (2016), '2016 Article IV Consultation and Fifth Review Under the Extended Credit Facility', accessed on 30 November 2018. Available at: <https://www.imf.org/external/pubs/ft/scr/2016/cr16236.pdf>

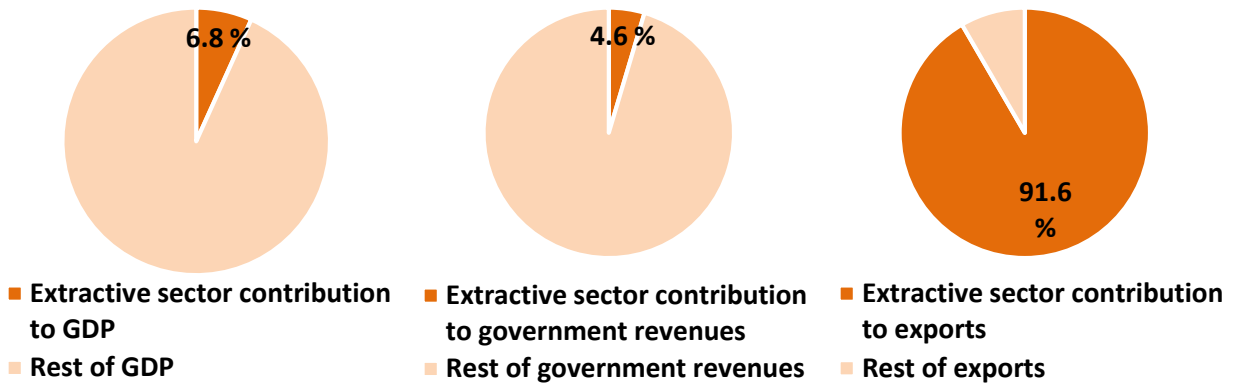
⁸ World Bank (2018), 'Doing Business 2019: Economy Profile Sierra Leone', accessed 30 November 2018. Available at: <http://www.doingbusiness.org/content/dam/doingBusiness/country/s/sierra-leone/SLE.pdf>

⁹ Agence de Presse Africaine (2018), 'Sierra Leone hits MCC anti-graft target', accessed on 5 December 2018. Available at: <http://apanews.net/en/news/sierra-leone-hits-mcc-anti-graft-target>

¹⁰ The Sierra Leone Telegraph (2017), 'Sierra Leone fails again to meet the requirements for Millennium Challenge funding', accessed on 5 December 2018. Available at: <https://www.thesierraleonetelegraph.com/sierra-leone-fails-again-to-meet-the-requirements-for-millennium-challenge-funding/>

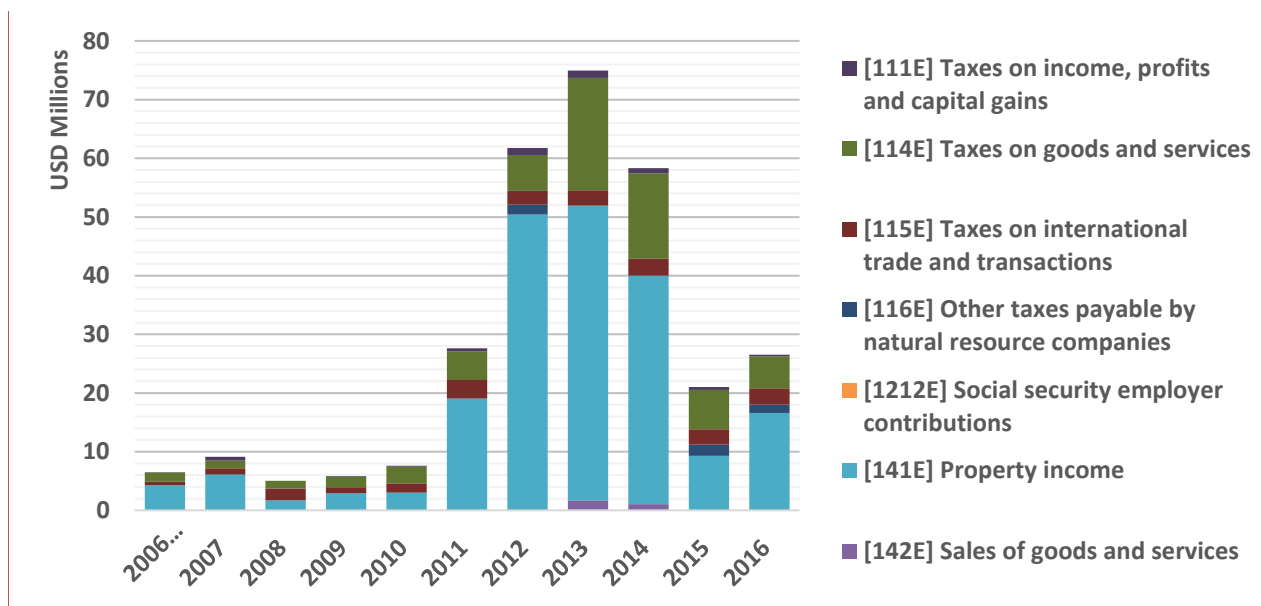
¹¹ SLEITI (2018), '2016 Sierra Leone EITI Report', accessed in August 2018. Available at: <https://eiti.org/document/sleiti-2016-report>

Figure 1: Extractive sector contribution to the economy (2016)



Sierra Leone’s revenues from the extractive industries are based on a tax and royalty system. The government does not participate in the sector, at least not through significant equity shares in upstream extractive sector companies as of 2016. According to EITI Reports, which cover the years 2006-2016, Sierra Leone’s government revenues from the extractives were less than USD 10m until 2011. There was a large increase in the following years to almost USD 75m, until the commodity price slump and Ebola virus epidemic of 2014-15.

Figure 2: Revenue profile Sierra Leone (2006-2016)



Source: EITI Summary data, https://eiti.org/api/v2.0/summary_data.

The commencement of production at several iron ore mines in 2010-2012 contributed significantly to the country’s economic growth. The country’s GDP growth, which had hovered between 3.2% and 6% per year between 2008 and 2011, spiked at 15.2% in 2012 on the back of iron ore exports. As mentioned in 2013, GDP growth was reportedly at 20%. In 2011 the commencement of iron ore production at the Tonkolili Iron

Ore mine, operated by Tonkolili Iron Ore (SL) Limited, led to the large increase in government revenues from the mining sector as visible in Figure 2. In addition, several other projects were either scaling up their operations or new projects commenced. London Mining (SL) Limited who then operated the Marampa Iron Mine was awarded a Mining License in 2009 but production began in late 2012, before Timis Mining Corporation (SL) Limited took over operations in late 2014. Lastly, Sierra Rutile Limited's tax and royalty payments increased significantly over the same period, as the sole large-scale rutile producer in Sierra Leone.

However, several operations and foreign investments halted substantially as the Ebola virus outbreak became a regional problem. Activities in the mining sector slumped by 83.7% in 2015 which was compounded by the decline in global iron ore prices and the subsequent closure of several mining companies' operations. Even so, the Sierra Leonean economy has proven resilient after being declared Ebola-free since early 2016, and iron ore production has resumed.

Several exploration activities are taking place in the country's extractive industries, including in oil and gas. While Sierra Leone is not currently an oil producer, an oil and gas discovery in 2010 sparked interest from several global oil companies. In October 2013, Lukoil Overseas announced another discovery of oil in the country's deep-water offshore. Although the initial momentum has slowed, the government maintains their outreach to potential investors and companies, as evident through e.g. the fourth offshore petroleum licensing round commenced in February 2018. However, the licensing round was put on hold as the government wished to further consult companies directly.

In line with the Validation Guide, the International Secretariat carried out the first phase of validation—initial data collection, stakeholder consultations, and preparation of their initial evaluation of progress against the EITI requirements (the “Initial Assessment”). CowaterSogema was appointed as the independent Validator to evaluate whether the Secretariat's work was carried out in accordance with the Validation Guide. CowaterSogema's principal responsibilities as Validator are to review and amend the Initial Assessment, as needed, and to summarize its independent review in this Validation Report for submission to the Board through the Validation Committee.

1. Work Performed by the Independent Validator

The Secretariat's Initial Assessment was transmitted to CowaterSogema on 15th February 2019. Our Validation Team undertook this phase of the Validation process through: (1) In-depth review and marking up of the EITI Assessment by each team member; (2) Detailed review and comments by the Multi-Stakeholder Specialist of Requirements 1 and the Civil Society Protocol; (3) Detailed review and comments by the Financial Specialist of Requirements 4, 5 and 6; (4) Consolidation of reviews and the production of this draft Validation Report, sent to the International Secretariat on the 6th March 2019.

2. Comments on the Limitations of the Validation

The Validator carefully reviewed the Secretariat's Initial Assessment and at this stage has no comments on the limitation of the validation process.

3. Comments on the International Secretariat's Initial Assessment

The initial data collection, stakeholder consultations, and drafting of the Initial Assessment were generally undertaken by the International Secretariat in accordance with the 2016 Validation Guide. The data collection took place across three phases. Firstly, a desk review of the available documentation relating to the country's compliance with the EITI Standard, including but not limited to:

- The EITI work plan and other planning documents such as budgets and communication plans;
- The multi-stakeholder group's Terms of Reference, and minutes from multi-stakeholder group meetings;
- EITI Reports, and supplementary information such as summary reports and scoping studies;
- Communication materials;
- Annual progress reports; and
- Any other information of relevance to Validation.

A country visit took place on 5 to 9 November 2018. All meetings took place in Freetown, Sierra Leone. The secretariat met with the multi-stakeholder group and its members, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group. In addition to meeting with the MSG as a group, the Secretariat met with its constituent parts (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders can freely express their views and that requests for confidentiality are respected.

Finally, the International Secretariat prepared a report making an initial assessment of progress against requirements in accordance with the Validation Guide. The initial assessment did not include an overall assessment of compliance. The report was submitted to the Validator, with the National Coordinator (NC) also receiving a copy.

2. GENERAL COMMENTS

• Progress in EITI Implementation

Sierra Leone announced its intention to implement the EITI in June 2006. The government officially launched SLEITI at State House on 28 July 2007, having established an MSG in 2006 that approved the first EITI work plan in August 2007. The MSG was formalised through a Memorandum of Understanding (MoU) between the three constituencies in August 2007.¹² Sierra Leone became an EITI Candidate on 22 February 2008, at the 4th EITI Global Conference in Doha. The country published its first EITI Report, covering 2006-07, in March 2010. While Sierra Leone was suspended by the EITI Board in February 2013 for not meeting all EITI

¹² Adam Smith International (2010), 'Sierra Leone Extractive Industries Transparency Initiative Validation Report – Final', accessed in February 2018, p.14. Available at: https://eiti.org/sites/default/files/documents/2010_sierra_leone_validation_report.pdf

requirements during two Validations under the EITI Rules in 2010 and 2012, the country was declared compliant with the EITI Rules in April 2014.¹³

Sierra Leone has published seven EITI Reports covering eleven fiscal years (2006-2016). The timeliness of SLEITI's reporting has been a challenge. While the 2006-2007 EITI Report was only published in March 2010, the 2008-10 EITI Report was published in September 2012 and the 2011 EITI Report in December 2013. Exacerbating the challenge of timely reporting, the Ebola virus disease outbreak from May 2014 to November 2015 severely affected implementation and the EITI Board granted SLEITI a reporting extension for its 2012 EITI Report in May 2014.¹⁴ The 2012 EITI Report was published in late 2015 and the 2013 EITI Report in February 2016. Reporting caught up to the two-year deadline rule of the EITI with the 2014 Report, published in December 2016. However, while Sierra Leone requested an extension to the deadline for its 2015 EITI Report, it was published in February 2018 before the EITI Board considered the request. In June 2018, Sierra Leone's latest report was published, covering 2016.

The MSG includes representatives from each constituency, but the process by which each constituency nominated their representatives remains unclear. The government remains engaged in the EITI process, especially considering developments since the elections of March 2018. The SLEITI Champion is now the Vice President of Sierra Leone, Dr Mohamed Juldeh Jalloh, while the MSG is chaired by the Minister of State for the Vice Presidency, Francess Alghali. Renewal of industry representatives and certain government representatives took place in 2018 ahead of commencement of Validation, although thus far industry representatives have not reached their full potential for engagement as there is no functioning Chamber of Mines or similar forum to ensure wider engagement of extractive companies. Significant concerns remain regarding civil society representation on the SLEITI MSG, as civil society have not held an open and transparent process for refreshing their members since the MSG was first constituted in 2006.

- **Impact of EITI Implementation**

The extractives sector in Sierra Leone, though small in comparison to the overall economy, constitutes a significant part of the country's trade. More than 90% of exports by value from Sierra Leone come from the mining sector, especially the diamond trade. Sierra Leone's economy has proven resilient to extreme shocks, including the civil war of 1991-2002, the Ebola virus outbreak in 2014 and the commodity price downturn from 2014. Still, Sierra Leone has made progress on specific reforms and policy changes, conducive to increased transparency and accountability, albeit in parallel, rather than as a consequence, of EITI implementation. In 2015, the country introduced capital gains taxes to ensure that the government shares in the transfer of assets and mineral rights between companies. In 2016, the country's Public Financial Management Act began the transition from a Consolidated Revenue Fund towards a Treasury Single Account system. More recently, the Parliament passed the Extractive Industries Revenues Act 2018, to streamline taxes and levies on extractive industries, including new regulations on fiscal aspects of agreements with extractive companies.

¹³ EITI (April 2014), 'Sierra Leone declared EITI Compliant', accessed in February 2018. Available at: <https://eiti.org/news/sierra-leone-declared-eiti-compliant>

¹⁴ Adam Smith International (2015), 'EITI value chain analysis: Sierra Leone', accessed in February 2018, p.6. Available at: <http://www.nra.gov.sl/sites/default/files/SL%20Value%20Chain%20Analysis%20Narrative%20Report.pdf>

Yet some efforts *are* directly linked to EITI. A draft Minerals Policy was awaiting Parliamentary approval at the start of Validation, which in line with the ruling party's February 2018 manifesto calls for reform of mining sector legislation to explicitly cover several aspects of EITI Requirements such as contract disclosure. Other issues central to the government's agenda include beneficial ownership and project-level reporting, through enforcement of ring-fencing requirements for corporate accounts. President Julius Maada Bio's speech at the November 2018 Africa Beneficial Ownership Conference in Dakar provided strong assurances of the Government's commitment to the EITI. For the petroleum sector, an amended Petroleum and Gas Law has been drafted and await ratification. A new artisanal mining policy is also a significant step to mitigate the sector's traditional opacity. With such high-level political backing for EITI implementation, there are several opportunities for SLEITI to support informed public debate.

Although there have been several important outcomes of EITI implementation, challenges remain to ensure a level of transparency commensurate with provisions of the EITI Standard. Challenges related to license awards have largely been resolved and the public has access to a comprehensive Minerals Cadastre Administration System. However, government systems still do not provide for efficient tracking of mineral rights *transfers* between private companies. Agreements governing large-scale mining projects have largely already been published, even if the government's policy on contract transparency has yet to be formalised.

The artisanal mining sector in the country has been of great importance throughout the country's history, with a legacy of opacity. Almost half of all high-value exports in the country, particularly diamonds and gold, stem from artisanal and small-scale mining, yet concerns remain over the availability of comprehensive information on artisanal mining production data. Nonetheless, EITI implementation has contributed to improving fiscal transparency, especially at the subnational level despite lingering weaknesses in local governments' administrative capacities.








A number of strategic improvements in government reporting systems could help address these challenges while transitioning towards systematic disclosures of EITI data. There is some duplication of reporting requirements between EITI implementation and statutory reporting to government ('C-forms'), which could be integrated to reduce the burden of standalone EITI reporting and ensure timelier disclosure of EITI data.

The Independent Validator’s Assessment of Compliance

EITI Requirements		LEVEL OF PROGRESS				
		No progress	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)				█	
	Industry engagement (#1.2)		←	█		
	Civil society engagement (#1.3)			█		
	MSG governance (#1.4)		█			
	Work plan (#1.5)			█		
Licenses and contracts	Legal framework (#2.1)				█	
	License allocations (#2.2)			█		
	License register (#2.3)				█	
	Policy on contract disclosure (#2.4)				█	
	Beneficial ownership (#2.5)	█				
	State participation (#2.6)			█		
Monitoring production	Exploration data (#3.1)				█	
	Production data (#3.2)			█		
	Export data (#3.3)				█	
Revenue collection	Comprehensiveness (#4.1)			█		
	In-kind revenues (#4.2)	█				
	Barter agreements (#4.3)		█			
	Transportation revenues (#4.4)	█				
	SOE transactions (#4.5)	█				
	Direct subnational payments (#4.6)		█			
	Disaggregation (#4.7)				█	
	Data timeliness (#4.8)				█	
	Data quality (#4.9)			█		
Revenue allocation	Distribution of revenues (#5.1)				█	
	Subnational transfers (#5.2)		█			
	Revenue management and expenditures (#5.3)	█				
Socio-economic contribution	Mandatory social expenditures (#6.1.)		█			
	SOE quasi-fiscal expenditures (#6.2)	█				
	Economic contribution (#6.3)				█	
Outcomes and impact	Public debate (#7.1)			█		
	Data accessibility (#7.2)	█				
	Follow up on recommendations (#7.3)				█	
	Outcomes and impact of implementation (#7.4)				█	

Figure 3 – Validator’s assessment

Legend to the assessment card

	The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
	The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
	The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
	The country is compliant with the EITI requirement.
	The country has gone beyond the requirement.
	This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
	The MSG has demonstrated that this requirement is not applicable in the country.

3. DETAILED FINDINGS

This section highlights areas where the Validator disagrees with the findings of the Initial Assessment or requires further clarification.

Requirement 1.2: Industry Engagement in the EITI process is downgraded from meaningful to inadequate. This is based on the very weak (to non-existent) commitment of industry to EITI in Sierra Leone, despite the absence of formal barriers set by GoSL to industry participation. In addition to the absence of formal/legal barriers to industry participation, GoSL could be more proactive (possibly with donor support) in getting industry commitment.

4. RECOMMENDATIONS

The International Secretariat has identified 14 *corrective actions* that Sierra Leone should undertake to address shortcomings in meeting EITI Requirements, as well as 24 *strategic recommendations* that Sierra Leone is encouraged to consider for strengthening EITI implementation and transparency.

Corrective actions

- C1. In accordance with **Requirement 1.2**, the industry constituency is required to ensure the MSG representatives and broader constituency is fully, actively and effectively engaged in all aspects of EITI implementation. To galvanise industry's attention, the constituency could further formalise its consultative framework through revitalising the Chamber of Mines, by ensuring EITI implementation objectives are consistent with priorities of the industry constituency, and by ensuring concerns of the industry are adequately reflected at the MSG and in EITI reporting.
- C2. In accordance with **Requirement 1.3.a**, all interested civil society stakeholders must be able to fully, actively and effectively engage in the EITI process. The constituency may wish to formalise further the constituency's engagement in the EITI process, to strengthen coordination between MSG members and the broader constituency. The constituency is also encouraged to ensure that all agreed policies, rules and documents are publicised online and regularly shared with the wider constituency. They may wish to ensure communication channels are formalised and regularly monitored and refreshed.
- C3. In accordance with **Requirement 1.4**, the MSG should ensure its updated MoU and Internal Rules *clearly* cover all provisions of Requirement 1.4.b and that any deviations from these rules in practice are publicly noted and addressed. Civil society and industry constituencies should formalise channels for wider constituency engagement, including by developing, agreeing and publishing procedures for nominating and changing MSG representatives in an open and transparent manner. The MSG is also encouraged to consider keeping public attendance records and publishing MSG minutes online, to ensure greater transparency of the MSG's discussions and decisions.
- C4. In accordance with **Requirement 1.5**, Sierra Leone must ensure that its EITI workplan is updated annually and may wish to employ the most recent guidance to ensure recent developments and all required aspects are incorporated. In doing so, the MSG must consult a wide range of stakeholders, including those not directly represented at the MSG.
- C5. In accordance with **Requirement 2.2**, Sierra Leone should publicly disclose the procedures for awarding and transferring all extractives licenses, including specific technical and financial criteria and any non-trivial deviations from the applicable legal and regulatory framework.
- C6. In accordance with **Requirement 2.6.b**, Sierra Leone should ensure that where the government and

SOE(s) have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these loans and guarantees are clarified, as well as any details on transactions related to them. Sierra Leone is urged to revisit such issues annually, to ensure comprehensive reporting of the state's participation in the extractive sector.

- C7. In accordance with **Requirement 3.2**, the Government of Sierra Leone should ensure that all production volumes and values, including for the ASM subsector, is publicly accessible and reported on.
- C8. In accordance with **Requirement 4.1.a**, Sierra Leone should ensure that all significant payments and revenues made by extractive companies are considered in determining material revenue streams. Any omissions should be documented and justified. It should only exclude entities where payments are demonstrably not material, in accordance with **Requirement 4.1.c**. The MSG should also ensure that the government unilaterally reports all government revenues from the extractive sector, by individual revenue stream, regardless of its inclusion in the reconciliation exercise as per **Requirement 4.1.d**.
- C9. In accordance with **Requirement 4.3**, Sierra Leone is required to 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. To do so, the MSG and the Independent Administrator needs to gain a full understanding of the terms of any relevant agreement and contracts between the state and other parties involved, the value of such agreements, and the materiality of such agreements relative to conventional agreements. Where such agreements are material, the MSG and Independent Administrator should ensure that EITI Reports provide a level of detail and transparency commensurate with disclosures and reconciliation of other payments and revenue streams.
- C10. In accordance with **Requirement 4.6**, Sierra Leone should undertake a comprehensive review of which direct taxes and levies extractive companies are subject to at subnational level. Sierra Leone should ensure that reporting mechanisms are established which allow for estimation of total subnational payments in Sierra Leone, to determining whether payments are material. The MSG should provide a comprehensive explanation of how such payments are determined, paid, and managed. Where material, the Sierra Leone should ensure that reconciled information on all companies' payments to subnational government entities and the collection of payments are publicly accessible.
- C11. In accordance with **Requirement 4.9.a**, the EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. In accordance with **Requirement 4.9.b.iii** and the standard Terms of Reference for the Independent Administrator agreed by the EITI Board, the MSG and Independent Administrator should:
- a. Agree on reporting templates ahead of data collection
 - b. Ensure that the Independent Administrator provides a clear and categorical assessment of comprehensiveness and reliability of the (financial) data presented.
 - c. Ensure that the Independent Administrator provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.

- C12. In accordance with **Requirement 5.2**, Sierra Leone should ensure that subnational transfers of extractive sector revenues are publicly disclosed, when such transfers are mandated by national law or other revenue sharing mechanism. In addition, Sierra Leone should publish the detailed transfer amounts calculated in accordance with the relevant revenue formulas to each subnational entity under both the Diamond Area Community Development Fund (DACDF) and surface rent payments that are distributed by central government agencies. Lastly, Sierra Leone should ensure actual transfers are disclosed in detail, reconciled and summarised, highlighting any deviation from statutory calculations.
- C13. In accordance with **Requirement 6.1**, Sierra Leone should ensure mandatory social expenditures, such as expenditures under Community Development Agreements, are comprehensively disclosed each reporting year. For all material mandatory social expenditures, companies are required to disclose the nature and value of transactions, whether in cash or in kind, and ensure that disclosures be disaggregated by non-government beneficiary with information on the names and functions of third-party beneficiaries. Sierra Leone is encouraged to reconcile mandatory social expenditures and consider disclosing information on companies' voluntary social expenditures.
- C14. In accordance with **Requirement 7.1**, Sierra Leone should ensure timely dissemination of EITI data and findings as well as effective outreach to key stakeholders. It should also ensure that the SLEITI open data policy is implemented in practice. To strengthen implementation, Sierra Leone may wish to ensure that realistic workplan activities related to dissemination and outreach are duly implemented. Sierra Leone is encouraged to explore creative ways to disseminate EITI data to strengthen the EITI's contribution to public debate. There were evidences of CSOs using data from the EITI reports in the past to launch reports. However, these reports are not recent, indicating that the CSOs activities in the extractive sector in Sierra Leone have slowed down.
