SLEITI
Extractive Industries
Transparency Initiative
Sierra Leone

SIERRA LEONE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (SLEITI)

EITI Summary report

2019



BDO

This summary report has been prepared at the request of the Multi-Stakeholder Group (MSG) in charge with the implementation of the Extractive Industries Transparency Initiative in Sierra Leone (SLEITI). The opinion expressed in the report are those of the Independent Administrator and did not reflect the official opinion of the SLEITI MSG. This summary report has been prepared exclusively for use by EITI Sierra Leone and must not be used by other parties, nor for any purposes

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INTRODUCTION

Extractive Industries Transparency Initiative (EITI)

The Extractive Industries Transparency Initiative (EITI) is a global Standard to promote open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debates, and enhance trust. In each implementing country, it is supported by a coalition of governments, companies operating in the extractive sector and civil society organisations working together.

EITI was first announced at the World Summit on Sustainable Development in Johannesburg in 2002 (the Earth Summit 2002) and was officially launched in London in 2003. EITI is currently being implemented in 56 countries in Africa, Asia, Europe and America. The EITI Standard sets out of the requirements which countries need to meet to be recognised, first as EITI Candidates and subsequently as EITI Compliant countries.

From 1 January 2020 onwards, EITI reports must only adopt the 2019 EITI Standard. This is the sixth version of the Standard since the EITI Principles were declared in 2003. The 2019 EITI Standard encourages countries to make use of existing reporting systems for EITI data collection and make the results transparent at source. The 2019 Standard introduced new aspects on environmental, social, and gender impacts. It also broke ground the disclosure of the identity of the real owners – the 'beneficial owners' – of the companies that have obtained rights to extract oil, gas and minerals starting from 2020.

EITI in Sierra Leone[1]

The Government of Sierra Leone first announced its intention to join the EITI programme in June 2006 to promote transparency and accountability in the management of its mineral resources. The country formed its first multi-stakeholder group (MSG), the Sierra Leone EITI Steering Committee (SLEITI) in June 2007. Sierra Leone became an EITI Candidate in February 2008 and it became a compliant country in 2014.

Section 105 of the Petroleum (Exploration & Production) Act 2011 stipulates that the payments made to the State shall be disclosed according to the terms and procedures of the Sierra Leone Extractive Industries Transparency Initiative.

The **SLEITI Multi-stakeholder Steering Group** (MSG) was set up by a Memorandum of Understanding (MoU) dated 25 March 2021 and now supersedes the MoU dated 20 July 2011. The MoU is a tripartite agreement entered into by the Government of Sierra Leone, Civil Society Organisations jointly or severally, and mining companies operating in Sierra Leone in the Oil, Gas and mineral sectors and is collectively known as the MSG.

The **SLEITI** MSG is responsible for developing policies and programmes that align with the EITI Standard and reflect national priorities, oversee the EITI reporting process, approve work plans and effectively undertake outreach activities on necessary information that emanate from the EITI Process.

The SLEITI MSG provides oversight of the SLEITI process and comprises full members and their alternates from several government ministries, departments and agencies, mining companies, and civil society organisations. The MSG has reviewed its own internal governance for better oversight of the SLEITI implementation.

[1] For more information on EITI in Sierra Leone, see the website: http://www.sleiti.gov.sl/

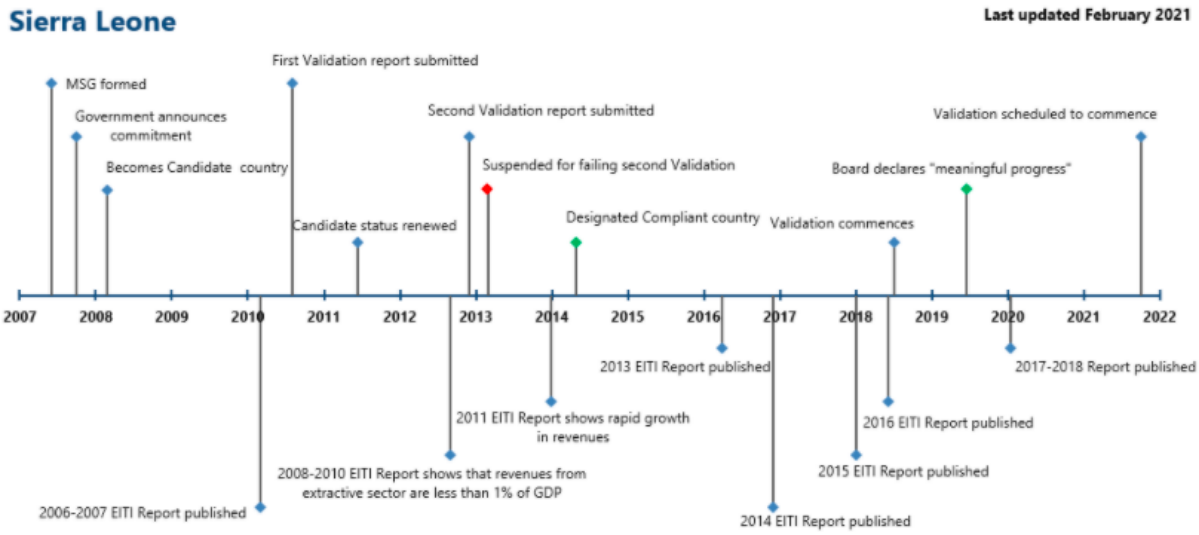
The **SLEITI Secretariat** is responsible for the implementation of planned and approved activities designed by the MSG's work plan and EITI Standard. Headed by a National Coordinator, the Secretariat includes key professional staff drawn from several professional backgrounds required for the day-to-day operations of the Secretariat.

The SLEITI process covers two sectors in Sierra Leone: mining and oil & gas. To date nine (9) EITI Independent Administrator reports have been published covering the years from 1 January 2006 to 31 December 2018.

This is a summary of the tenth SLEITI report which covers the period from 1 January to 31 December 2019.

The timeline for the SLEITI process can be presented as follows:

Figure 1: SLEITI process timeline



EITI Validation

On 17 June 2019, Sierra Leone was found to have made meaningful progress in implementing the 2016 EITI Standard. Sierra Leone's second validation was meant to commence on 1 October 2021 in accordance with the revised validation schedule approved by the Board in December 2020.[1] However, given that the 2019 EITI report has yet to be finalised, the validation exercise has been postponed.

Scope of Work

BDO UK LLP has been appointed as Independent Administrator for the preparation of the SLEITI 2019 report. We have performed our work in accordance with ISRS 4400 (Engagements to perform agreed upon procedures regarding Financial Information). The procedures performed were those set out in the terms of reference as set out in the Contract for Consultants Services.

The compilation and reporting procedures carried out were not designed to constitute an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements and as a result we do not express any assurance on the transactions beyond the explicit

[1] : https://eiti.org/board-decision/2020-92

statements set out in this report. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The summary report consists of three (3) Sections as follows:

1) Executive Summary;
2) Analysis of EITI data; and
3) Recommendations.

The data reported has been disaggregated by individual project, company, government agency and revenue stream. The amounts in this report are stated in United States Dollars (USD), unless otherwise stated. The exchange rate used to convert Leone to USD is 1 USD = 9,716.71 Leone. The exchange rate on 31 December 2019 as indicated in the General Purpose Financial Statements (GPFS) of the Consolidated Fund for the financial year ended 31 December 2019.[1]

Our summary report includes information received up to **15 December 2021**. Any information received after this date has not, therefore, been included into consideration.

Our work included a general understanding of the extractive sectors in Sierra Leone. We also held meetings with several entities involved in the EITI process to collect relevant information and documentation necessary to achieve the objectives of our work.

[1] https://mof.gov.sl/wp-content/uploads/2020/06/public-accounts-2019.pdf

1. EXECUTIVE SUMMARY

1.1. Objective of the report

The purpose of this 10th SLEITI report is to compile and present the data provided by the extractive companies (hereafter referred to as "Companies") with the data provided by relevant Government Agencies.

The overall objective of this exercise is to assist the Government of Sierra Leone (GoSL) in identifying the positive contribution that mineral resources make to the economic and social development of the country and to realise their potential through improved resource governance that encompasses and fully implements the principles and criteria of the EITI.

1.2. EITI Flexible reporting in response to the Covid-19 pandemic

Recognising the ongoing challenges associated with the COVID-19 pandemic, the EITI Board has agreed the extension of measures to provide flexibility in EITI implementation and reporting. These measures allow implementing countries to retain the momentum of the EITI process while adapting to local circumstances and urgent information needs.

Flexible EITI reporting

MSGs may prepare EITI reports based on information disclosed by government agencies and/or companies, subject to MSG endorsement, and provided that the flexible reporting requirements are met.

MSGs are encouraged to use this flexibility to communicate timely data that is relevant to the situation in their country. For example, they can consider including **current or forward-looking information on production, exports and revenues, or disclosing licenses or contracts recently awarded which might affect future extractive revenues.**

With Flexible EITI reporting, implementing countries may deviate from the standard procedure for EITI reporting, **including reconciliation** for EITI Reports scheduled for publication by 31 December 2021. In doing so, the country must disclose the following information in their reporting:

- Information on current and forward-looking extractive sector developments and industry outlook, in light of COVID-19, commodity price shocks and the potential for longer-term reductions in demand for commodities;
- Unilateral disclosures by government and/or companies in accordance with EITI Requirements 2, 3, 4, 5 and 6;
- Disclosures of the latest production, export and revenue data;
- A complete overview of the disclosed data; and
- An assessment by the MSG of the comprehensiveness and reliability of the disclosed data, identifying any gaps or weaknesses in disclosures in accordance with the 2019 EITI Standard.

The SLEITI MSG has decided to prepare the 2019 SLEITI report by adopting **the flexible EITI reporting**.

1.3. Key conclusions

The 2019 SLEITI summary report summarises information about the revenues generated from the extractive industries in Sierra Leone as part of the EITI process. In this context, extractive companies and government agencies report payments, revenues and contextual information respectively.

1.3.1 EITI scope

The 2019 SLEITI report covers revenues received by government agencies and sub-national entities from mining companies and Diamond & Gold Exporters and other material payments and benefits to government agencies.

1.3.2 Revenues Generated from the Extractive sector

According to the data collected from government agencies and extractive companies, the total revenues generated from the extractive industries in Sierra Leone in 2019 amounted to **USD 67,837,325** (including social and environmental expenditure).

Breakdown by type of revenue

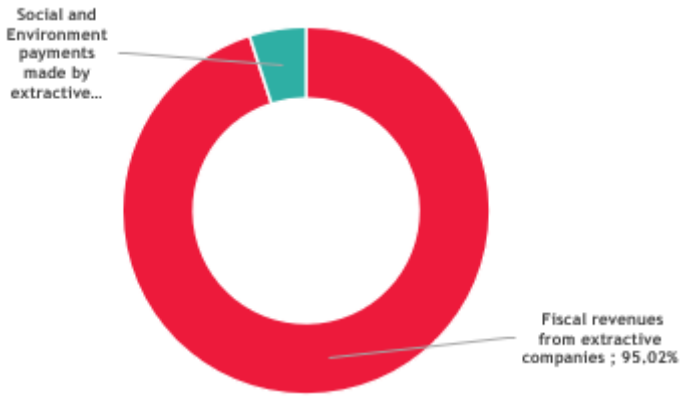
The analysis of the extractive revenues by type indicates that fiscal revenues represented **95%** of the total revenues collected in 2019 while social and environment payments made by extractive companies accounted for approximately 5%**.**

The table below presents the contribution by type of revenue:

TABLE 1 : Contribution to the extractive industries revenues by type of revenue

FY 2019		
Type of revenues	**Extractive revenues (US$)**	**%**
Fiscal revenues from extractive companies	64,461,575	95.02%
Social and Environment payments made by extractive companies	3,375,750	4.98%
Total	**67,837,325**	**100.00%**

Figure 2: Contribution to the extractive industries revenues by type of revenue



Analysis of tax revenues

The analysis of tax revenues from the extractive sector indicates that the payments made to the consolidated fund represented 98% of the total revenues collected in 2019 while sub-national payments made by extractive companies accounted for approximately 2%. The table below presents the total payments to the consolidated fund and the total payment to the sub-national entities:

FY 2019		
Type of revenues	Extractive revenues (US$)	%
Consolidated Fund	63,206,829	98.05%
Subnational payments	1,254,746	1.95%
Total	**64,461,575**	**100.00%**

1.3.3 Variance of tax revenues in the extractive sector

Tax revenues collected from the extractive industries increased by approximately 7% during the FY 2019 from US$ 60.46 million in the FY 2018 to US$ 64.46 million in the FY 2019 as shown in the following table:

	FY 2019 US$ million	FY 2018 (*) US$ million	Variance US$ million	%
Total extractive revenues	**64.46**	**60.46**	**4.00**	**7%**

(*) SLEITI report 2017 & 2018

1.3.4 Analysis of production data

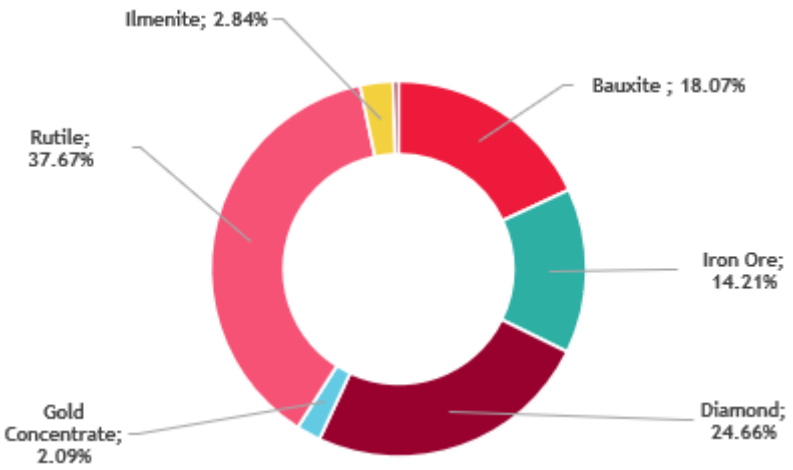
Total production value for FY 2019 amounted to US$ 399 million. We present in the table below the production volumes and values by commodity:

TABLE 2: Mining production volumes and value by commodity in 2019

Commodity	Unit	Volume	Value USD	% value
Rutile	DMT	132,805	150,420,567	37.67%
Diamond	Carats	604,205	98,472,657	24.66%
Bauxite	DMT	2,017,606	72,147,235	18.07%
Iron Ore	DMT	722,305	56,732,074	14.21%
Ilmenite	DMT	61,326	11,336,701	2.84%
Gold Concentrate	DMT	2,649	8,360,204	2.09%
Zircon	DMT	2,466	1,823,699	0.46%
		Total	**399,293,138**	**100.00%**

Source: NMA

Figure 3: Production value by commodity



We present in Section 2.1 of this summary report the production volumes and values by commodity and disaggregated by region, by mining company, by project and the methods for calculating production volumes and values.

1.3.5 Analysis of exports data

Total exports value for FY 2019 amounted to US$ 418 million. We present in the table below the export volumes and values by commodity:

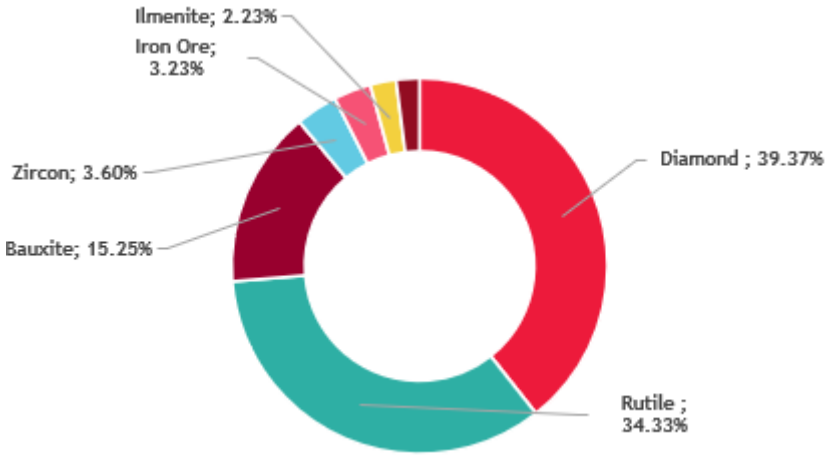
TABLE 3: Mining exports volumes and value by commodity in 2019

Commodity	Volume	Unit	Total value (USD)	% Value
Diamond	803,583	Carats	164,532,927	39.37%
Rutile	126,498	DMT	143,476,121	34.33%
Bauxite	1,785,436	DMT	63,737,568	15.25%
Zircon	36,897	DMT	15,059,740	3.60%
Iron Ore	174,665	DMT	13,492,697	3.23%
Ilmenite	53,853	DMT	9,304,133	2.23%
Gold Concentrate	242,600	Grams	8,360,204	2.00%
Total			**417,963,389**	**100.00%**

Source: NMA

We present in Section 3.2 of this summary report the export volumes and values by commodity, disaggregated by region, by mining company, by project and the methods for calculating production volumes and values.

Figure 4: Exports value by commodity



1.3.6 Impact of COVID-19 pandemic on production, exports and government revenues from extractive industries

Production volumes

We have made a comparison between FY 2019 and FY 2020 production volumes in order to review the impact of COVID-19 pandemic on extractive industries production in Sierra Leone. The table below indicates the variation by commodity:

TABLE 4: Variance of mining production between 2019 and 2020 by commodity

Source: NMA

Commodity	Unit	2020	2019	Variation	% variation
Rutile	DMT	116,564	132,805	(16,241)	(12.23%)
Diamond	Carats	602,993	604,205	(1,212)	(0.20%)
Bauxite	DMT	1,441,982	2,017,606	(575,624)	(28.53%)
Iron Ore	DMT	N/A	722,305	N/A	N/A
Ilmenite	DMT	45,822	61,326	(15,504)	(25.28%)
Gold Concentrate	DMT	783	2,649	(1,866)	(70.44%)
Zircon	DMT	3,500	2,466	1,034	41.93%

N/A: not available

Exports volumes

We have made a comparison between FY 2019 and FY 2020 exports volumes in order to review the impact of COVID-19 pandemic on extractive industries exports in Sierra Leone. The table below indicates the variation by commodity:

TABLE 5: Variance of mining exports between 2019 and 2020 by commodity

Source: NMA

Commodity	Unit	2020	2019	Variation	% variation
Diamond	Carats	558,331	803,583	(245,252)	(30.52%)
Rutile	DMT	107,829	126,498	(18,669)	(14.76%)
Bauxite	DMT	1,308,951	1,785,436	(476,485)	(26.69%)
Zircon	DMT	34,141	36,897	(2,756)	(7.47%)
Iron Ore	DMT	N/A	174,665	N/A	N/A
Ilmenite	DMT	58,468	53,853	4,615	8.57%
Gold Concentrate	Grams	75,098	242,600	(167,502)	(69.04%)

N/A: not available

Government revenues from extractive industries

We have made a comparison between 2019 and 2020 government revenues from extractive industries in order to review the impact of COVID-19 pandemic on government revenues from extractive industries in Sierra Leone. The calculation indicates that the revenues decreased by 10.11% as shown in the table below:

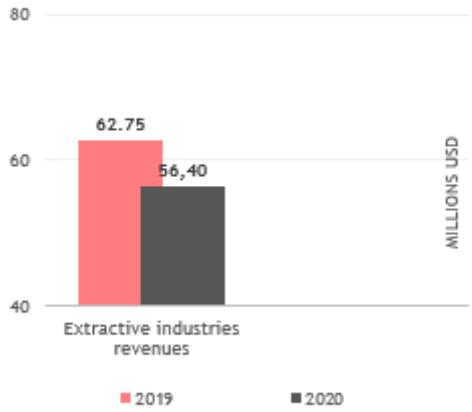
TABLE 6: Variance of the Government revenues generated by the extractive industries between 2019 and 2020

Source: NRA

In USD	2020	2019	Variation	%
Government revenues from extractive industries (*)	56,404,685	62,747,609	(6,342,924)	(10.11%)

(*) excluding revenues collected by EPA and surface rental.

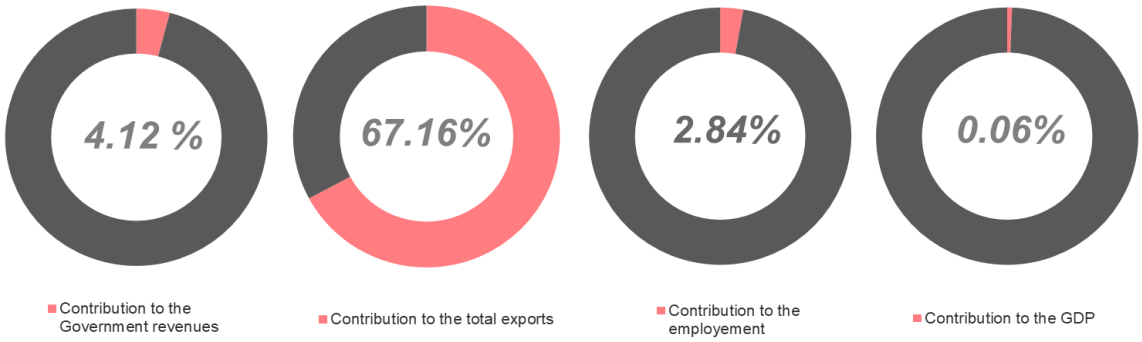
Figure 5: Variance of the Government revenues generated by the extractive industries between 2019 and 2020



1.3.7 Contribution of the Extractive industries to the Economy in 2019

According to the data collected from government agencies and other sources, the contribution of the extractive sector to total government receipts was 4% in the FY 2019. The contribution of the extractive sector to the country's total exports was 67%. The extractive sector employed approximately 3% of the country's total work force, which represented 0.06% of the total GDP.

Figure 6: Contribution of the extractive industries to the economy in 2019



1.3.8 Completeness, data quality and assurance

Comprehensiveness

Government Agencies

The SLEITI MSG agreed that eleven (11) government agencies would be required to disclose the revenues received from extractive companies, contextual data related the exploration, production, exports, state participation, infrastructure provisions and barter agreements, environmental and social expenditure, and employment as required by the 2019 EITI Standard. The Government agencies selected in the scope are presented in the table below:

N°	Government Agency
1	National Revenue Authority (NRA)
2	National Minerals Agency (NMA)
3	Ministry of Finance (MoF)
4	Ministry of Mines & Mineral Resources (MMMR)
5	Petroleum Directorate (PD)
6	Environmental Protection Agency (EPA)
7	Ministry of Local Government and Rural Development (MLGRD)
8	Directorate of Precious Minerals Trading (PMT)
9	District Councils / City Councils
10	Chiefdom Administrations
11	Members of Parliament (MPs)

All in-scope government agencies have submitted their Reporting Templates.

Extractive companies

The SLEITI MSG agreed that mining companies who paid more than US$ 500,000 during the FY 2019 to report the following information:

- surface rental payments to Landowners and Paramount chiefs;
- legal ownership;
- beneficial ownership (BO);

- exploration;
- production;
- exports;
- state participation;
- infrastructure provisions and barter agreements;
- environmental and social expenditure; and
- employment statistics.

Based on the above, (14) mining companies have been selected in the scope. The mining companies selected in the scope are presented in the table below:

N°	Mining company
1	SIERRA RUTILE LIMITED
2	KOIDU LIMITED
3	SIERRA MINERALS HOLDINGS NO.1 LIMITED
4	S.L MINING LTD
5	KINGHO INVESTMENT LIMITED
6	TONKOLILI IRON ORE (SL) LIMITED
7	MEYA MINING LTD
8	DAYU MINING COMPANY LIMITED
9	H. M. DIAMONDS
10	AFRICAN RAILWAY & PORT SERVICES
11	SIERRAMIN BAUXITE (SL) LIMITED
12	TONGUMA LIMITED
13	SIERRA DIAMONDS LIMITED
14	WONGOR INVESTMENT AND MINING CORPORATION LTD

All extractive companies selected in the scope have submitted their Reporting Templates as shown in the following table except for SIERRAMIN BAUXITE (SL) LIMITED as its mining license has been cancelled in September 2021 for non-compliance issue:

N°	Mining company	RT Excel sheet submitted?
1	SIERRA RUTILE LIMITED	Yes
2	KOIDU LIMITED	Yes
3	SIERRA MINERALS HOLDINGS NO.1 LIMITED	Yes
4	S.L MINING LTD (*)	Yes
5	KINGHO INVESTMENT LIMITED	Yes
6	TONKOLILI IRON ORE (SL) LIMITED	Yes
7	MEYA MINING LTD	Yes
8	DAYU MINING COMPANY LIMITED	Yes
9	H. M. DIAMONDS	Yes
10	AFRICAN RAILWAY & PORT SERVICES	Yes
11	SIERRAMIN BAUXITE (SL) LIMITED	No
12	TONGUMA LIMITED	Yes
13	SIERRA DIAMONDS LIMITED	Yes
14	WONGOR INVESTMENT AND MINING CORPORATION LTD	Yes

(*) Mining license was cancelled in July 2019

Independent Administrator assessment on the comprehensiveness

Based on above, we concluded that both financial and non-financial data included in the 2019 SLEITI report is comprehensive.

Data quality and assurance

Government Agencies

In order to comply with EITI Requirement 4.9 on Data quality and assurance, the SLEITI MSG agreed on the following approach:

The Government agencies reporting templates must be:

- **signed by an authorised senior officer; and**
- **certified by the Auditor General of Sierra Leone.**

All government agencies have submitted a signed and certified reporting templates.

Assessment of the data quality of Government agencies

The SLEITI MSG agreed that the assessment of the data quality of Government agencies depends on the percentage (%) of contribution of the government agencies who failed to submit signed and certified reporting templates to the total Government revenues from extractive sector as indicated in the table below:

Reporting entities	Data	Less than 5%	Between 5% and less than 20%	20% and above
Government agencies	Financial and contextual data	High data quality	Medium data quality	Low data quality

As all government agencies have submitted signed and certified reporting templates, we concluded the hight quality of data reported by government agencies.

Extractive companies

In order to comply with EITI Requirement 4.9 on Data quality and assurance, SLEITI MSG agreed on the following approach:

The extractive companies reporting templates must be:

- **signed by an authorised senior manager; and**
- **certified by an external auditor: The reporting templates must be certified by a registered external auditor who should confirm that the figures and information reported in the Reporting Templates are in accordance with instructions issued by SLEITI, comprehensive and agree with the company's accounts for the FY 2019.**

Assessment of the data quality of extractive companies

SLEITI MSG agreed that the assessment of the data quality of extractive companies depends on the percentage (%) of contribution of the companies who failed to submit signed and certified reporting templates to the total Government revenues from extractive sector as indicated in the table below:

Reporting entities	Data	Less than 5%	Between 5% and less than 20%	20% and above
Extractive companies	Contextual data	High data quality	Medium data quality	Low data quality

We present in the table below the extractive companies who failed to submit their signed and certified reporting templates:

MINING COMPANIES	Submission of Certified and signed reporting Templates	Signed Beneficial Ownership declaration
S.L MINING LTD (*)	X	X
SIERRAMIN BAUXITE (SL) LIMITED	X	X

(*) Mining license was cancelled in July 2019

The contribution of the two companies who failed to submit a signed and certified reporting templates (S.L MINING LTD and SIERRAMIN BAUXITE (SL) LIMITED) representing 2.40% of total Government revenues from extractive sector.

As the contribution of the two mining companies to the total Government revenues from extractive sector is less than 5%, we conclude the hight quality of data reported by extractive companies.

Independent Administrator data quality and assurance assessment

In order to assess the overall data quality and assurance of the SLEITI report 2019, SLEITI MSG agreed that the assessment should be a combination between the assessment of data quality of the Government agencies and data quality of extractive companies as indicated in the table below:

Reporting entities		Extractive companies		
		High data quality	Medium data Quality	Low data Quality
Government Agencies	High data quality	High data quality	High data Quality	Medium data quality
	Medium data quality	Medium data quality	Medium data Quality	Low data Quality
	Low data quality	Medium data quality	Low data Quality	Low data Quality

As we concluded the hight quality of data reported by Government agencies and hight quality of data reported by extractive companies, we concluded the high quality of the overall data included in the 2019 SLEITI report.

2. ANALYSIS OF EITI DATA FY 2019

2.1. Production

We present in the table below production volumes and values by commodity and disaggregated by region, mining company and project:

TABLE 7: Production volumes and value by commodity, by company, by project and by region in 2019

Company		Commodity	Region (District)	Project	Unit	Volume	Unit	Value USD	Value %
Sierra Minerals Holdings No.1 Limited	Large scale	Bauxite	Moyamba	ML 01/95	DMT	2,017,606	36	72,147,235	18.07%
SL Mining Limited	Large scale	Iron Ore	Port Loko	ML 1/2017	DMT	722,305	79	56,732,074	14.21%
Koidu Limited	Large scale	Diamond	KONO	ML 06/95	Carats	604,205	163	98,472,657	24.66%
Dayu Mining Compan Limited	Large scale	Gold Concentrate	KOKOLILI	ML 2/2019	Grams	264,900	32	8,360,204	2.09%
Sierra Rutile Limited	Large scale	Rutile	Moyamba	ML2134	DMT	132,805	1,133	150,420,567	37.67%
		Ilmenite	Moyamba	ML 2134	DMT	61,326	185	11,336,701	2.84%
		Zircon	Moyamba	ML 2134	DMT	2,466	740	1,823,699	0.46%
Total								**399,293,138**	**100.00%**

According to NMA, the calculation of production values is based on **production costs** (direct and indirect costs) as reported by mining companies. Production volumes are based on mining companies monthly reporting.

Figure 7: Production value by company

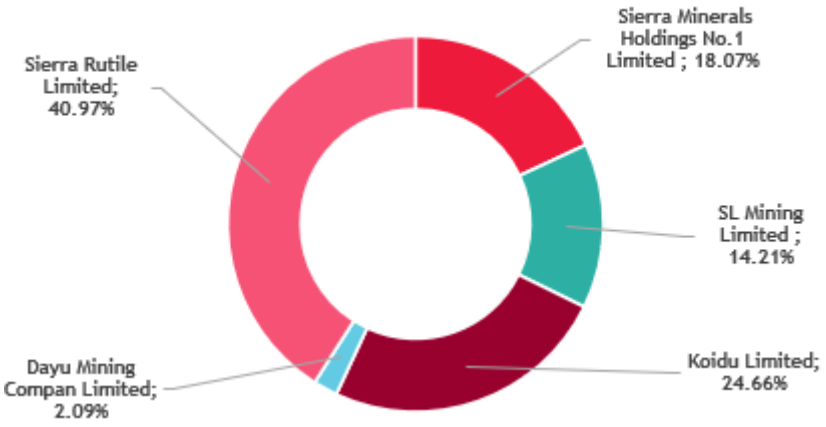


Figure 8: Production value by region

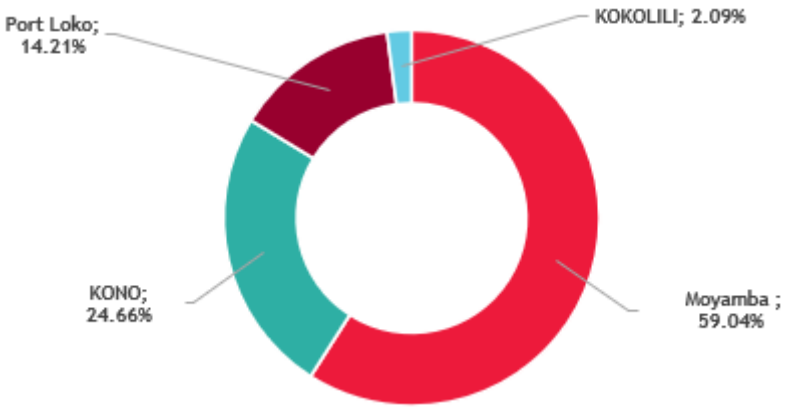
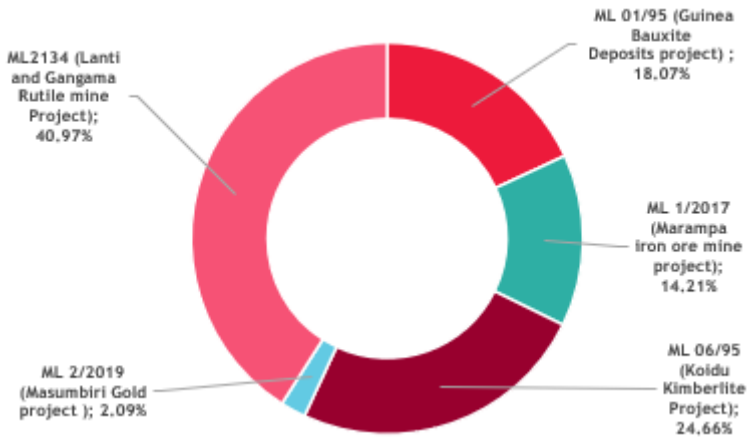


Figure 9: Production value by project



2.2. Exports

We present in the table below exports volumes and value by commodity:

TABLE 8: Production volumes and value by commodity in 2019

Commodity	Volume	Unit	Unit Price (USD)	Total value (USD)
Diamond	803,583	Carats	204.75	164,532,927
Rutile	126,498	DMT	1,132.64	143,476,121
Bauxite	1,785,436	DMT	35.76	63,737,568
Zircon	36,897	DMT	689.75	15,059,740
Iron Ore	174,665	DMT	78.54	13,492,697
Ilmenite	53,853	DMT	184.86	9,304,133
Gold Concentrate	242,600	grams	34.65	8,360,204
Total				**417,963,389**

According to NMA, the calculation of exports values has been based on **free on board (FOB) value**, as declared by mining companies to Customs services.

We present in the table below export volumes and values by commodity disaggregated by region, mining company and project:

TABLE 9: Exports volumes and value by commodity, by company, by project and by region in 2019

Company	License	Commodity	Region (District)	MDA/ Concession / License	Volume	Unit	Total value (USD)	% value
Sierra Minerals Holdings No.1 Limited	Mining lease	Bauxite	Moyamba	ML 01/95	1,785,436	DMT	63,737,568	15.25%
SL Mining Limited	Large scale	Iron Ore	Port Loko	ML 1/2017	174,665	DMT	13,492,697	3.23%
Koidu Limited	Mining lease	Diamond	KONO	ML 06/95	636,375	Carats	103,201,301	24.69%
Dayu Mining Compan Limited	Large scale	Gold Concetrate	KOKOLILI	ML 2/2019	242,600	grams	8,360,204	2.00%
Sierra Rutile Limited	Mining lease	Rutile	Moyamba	ML2134	126,498	DMT	143,476,121	34.33%
		Ilmenite	Moyamba	ML 2134	53,853	DMT	9,304,133	2.23%
		Zircon	Moyamba	ML 2134	36,897	DMT	15,059,740	3.60%
MEYA MINING LTD	Large scale	Diamond	KONO	ML 2/2019	6,387	Carats	1,677,358	0.40%
Tonguma Limited	Large scale	Diamond	KENEMA	ML 02/2012	542	Carats	41,541	0.01%
SEAWRIGHT MINING COMPANY	Exploration	Diamond	KENEMA	EL 45/2011	357	Carats	246,485	0.06%
H. M. DIAMONDS	Diamond Exporter	Diamond	Other regions	Other projects	102,766	Carats	31,943,821	7.64%
KASSIM M BASMA	Diamond Exporter	Diamond	Other regions	Other projects	47,644	Carats	10,874,614	2.60%
CROCODILE MINING (SL) LIMITED	Diamond Exporter	Diamond	Other regions	Other projects	134	Carats	9,525,330	2.28%
Metals and Minerals Trading (SL) Ltd	Diamond Exporter	Diamond	Other regions	Other projects	699	Carats	1,124,896	0.27%
MONJED MAROUF JAWAD	Diamond Exporter	Diamond	Other regions	Other projects	3,528	Carats	2,471,869	0.59%
PLUTO MINING COMPANY (SL) LIMITED	Diamond Exporter	Diamond	Other regions	Other projects	992	Carats	2,501,380	0.60%
WISSAM MROUE	Diamond Exporter	Diamond	Other regions	Other projects	4,159	Carats	924,334	0.22%
Total							**417,963,389**	**100.00%**

Figure 10: Exports value by company

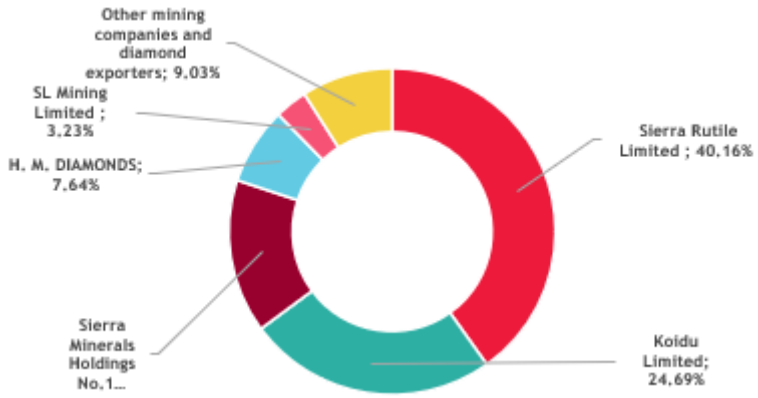


Figure 11: Exports value by project

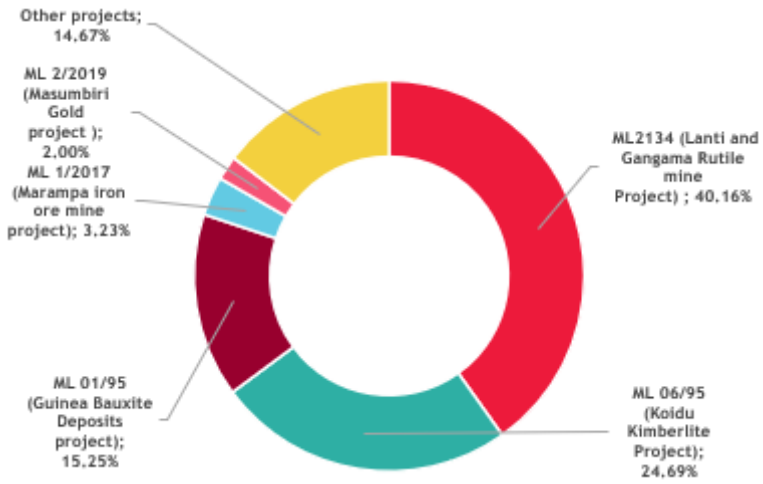
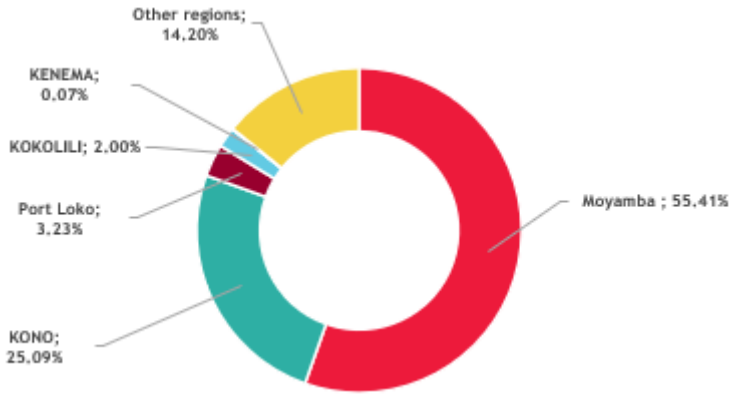


Figure 12: Exports value by region



2.3. Analysis of Government revenues from extractive sector

The analysis of Government revenues from extractive industries (fiscal revenues) by sector indicates that the **mining sector** contributed **100%** of the total Government revenues from the extractive industries in 2019.

By extractive company

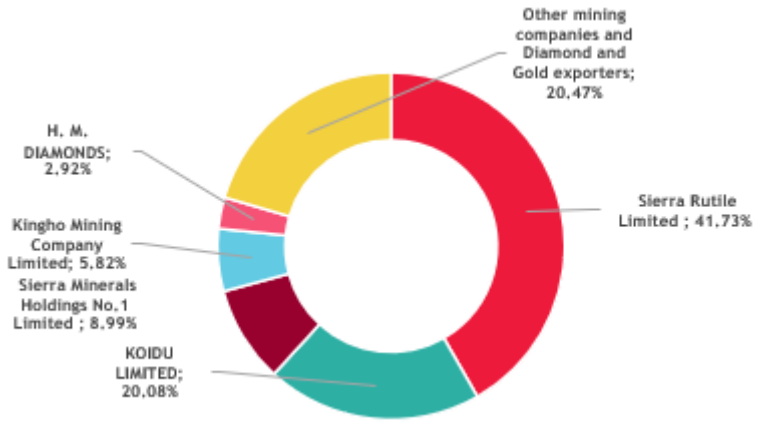
The analysis of fiscal revenues from the extractive industries indicates that **Sierra Rutile Limited** contributed **41,73%** of the fiscal revenues during the FY 2019 followed by **KOIDU Limited** which contributed **20.08%**, **Sierra Minerals Holdings No.1 Limited** with **8.99%** and Kingho Mining Company Limited with **5.82%**.

We set out an analysis of fiscal revenues from the extractive sector for the FY 2019 by mining company in the table below:

TABLE 10: Contribution to the extractive industries revenues by company

Company	Sector	Type of license	Commodity	Contribution to fiscal revenues (US$)	%
Sierra Rutile Limited	Mining company	Mining lease	Rutile	26,896,661	41.73%
KOIDU LIMITED	Mining company	Mining lease	Diamond	12,940,942	20.08%
Sierra Minerals Holdings No.1 Limited	Mining company	Mining lease	Bauxite	5,795,655	8.99%
Kingho Mining Company Limited	Mining company	Large scale	Iron Ore	3,749,606	5.82%
H. M. DIAMONDS	Diamond exporter	Diamond exporter	Diamond	1,882,955	2.92%
Other mining companies and Diamond and Gold exporters	Other mining companies and Diamond and Gold exporters	Various type of licenses	Various type of commodities	13,195,757	20.47%
Total				**64,461,575**	**100.00%**

Figure 13: Revenue contribution to the extractive sector by company



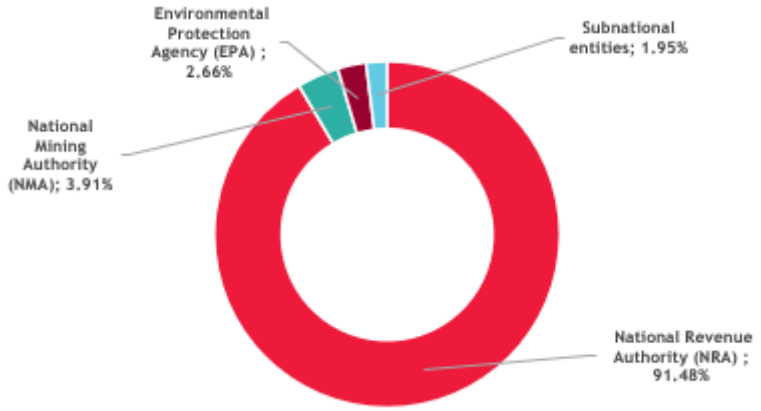
By government Agency and sub-national entity

The analysis of extractive revenues by government agency indicates that **National Revenue Authority (NRA)** collected **91%** of the fiscal revenues from the extractive companies during the FY 2019 followed by the **National Minerals Agency (NMA)** which accounted for approximately 4%, the **Environmental Protection Agency (EPA)** with **2.66%** and sub-national entities with almost 2%. The table below presents the contribution by government agency:

TABLE 11: Contribution to the extractive industries revenues by government agency

FY 2019		
Government agencies	Collected revenues (US$)	%
National Revenue Authority (NRA)	58,971,448	91.48%
National Minerals Agency (NMA)	2,521,415	3.91%
Environmental Protection Agency (EPA)	1,713,966	2.66%
Subnational entities	1,254,746	1.95%
Total	**64,461,575**	**100.00%**

Figure 14: Contribution to the extractive industries revenues by government agency and subnational payment



By revenue stream

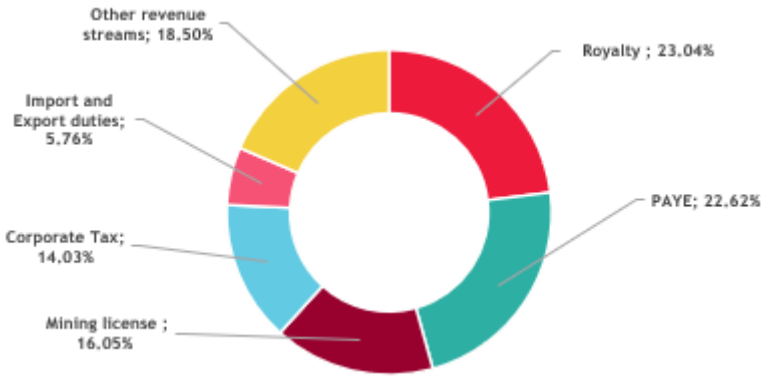
The analysis of fiscal revenues from extractive industries by revenue stream indicates that **Royalty** contributed to **23,04%** during the FY 2019 followed by **PAYE** representing **22.62%, Mining license** with **16.05%, Corporate Tax** with **14,03%**, **Import and Export duties** with **5.76%** and other revenue streams with 18.50%.

The table below presents the contribution by revenue stream:

TABLE 12: Contribution to the extractive industries revenues by revenue stream

Revenue stream	Contribution to fiscal revenues (US$)	%
Royalty	14,851,394	23.04%
PAYE	14,582,175	22.62%
Mining license	10,348,511	16.05%
Corporate Tax	9,041,624	14.03%
Import and Export duties	3,709,904	5.76%
Other revenue streams	11,927,968	18.50%
Total	**64,461,575**	**100.00%**

Figure 15: Contribution to the extractive sector revenues by revenue stream



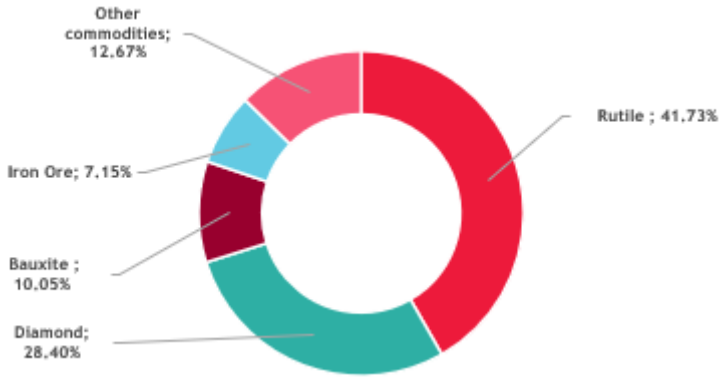
By commodity

The analysis of fiscal revenues from the extractive sector by commodity indicates that **Rutile** accounted for approximately **42%** of the total fiscal revenues during the FY 2019 followed by **Diamond** representing **28%** and **Bauxite** with **10%**. The below table presents the contribution by commodity:

TABLE 13 : Contribution to the extractive industries revenues by commodity

Revenue stream	Contribution to fiscal revenues (US$)	%
Rutile	26,896,661	41.73%
Diamond	18,303,878	28.40%
Bauxite	6,480,253	10.05%
Iron Ore	4,611,396	7.15%
Other commodities	8,169,388	12.67%
Total	**64,461,575**	**100.00%**

Figure 16: Contribution to the extractive sector revenues by commodity



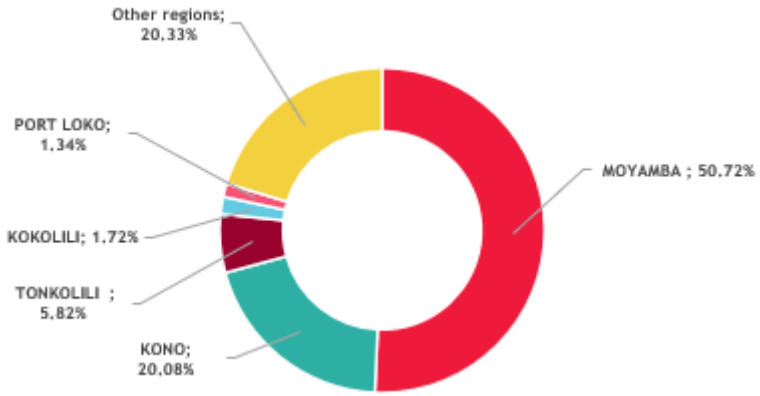
By region

The analysis of fiscal revenues from the extractive sector by region indicates that the MOYAMBA DISTRICT contributed to half of the total fiscal revenues in 2019 followed by the KONO District by 20%. The table below presents the contribution by region:

TABLE 14: Contribution to the extractive industries revenues by region

FY 2019		
Region	Collected revenues (US$)	%
MOYAMBA	32,692,316	50.72%
KONO	12,940,942	20.08%
TONKOLILI	3,749,606	5.82%
KOKOLILI	1,110,075	1.72%
PORT LOKO	861,790	1.34%
Other regions	13,106,846	20.33%
Total	**64,461,575**	**100.00%**

Figure 17: Contribution to the extractive sector revenues by region



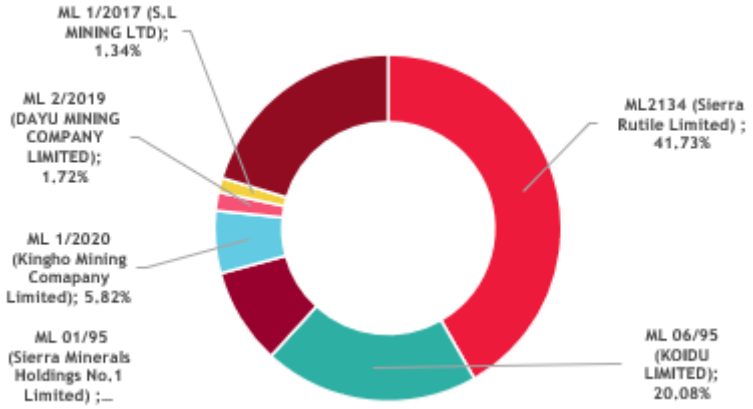
By mining agreement

The analysis of fiscal revenues from extractive sector by project indicates that ML2134 accounted for **42%** of the total fiscal revenues in 2019 followed by ML 06/95 representing **20%**. The table below presents the contribution by project:

TABLE 15: Contribution to the extractive industries revenues by project

FY 2019		
Region	Collected revenues (US$)	%
ML2134 (Sierra Rutile Limited)	26,896,661	41.73%
ML 06/95 (KOIDU LIMITED)	12,940,942	20.08%
ML 01/95 (Sierra Minerals Holdings No.1 Limited)	5,795,655	8.99%
ML 1/2020 (Kingho Mining Comapany Limited)	3,749,606	5.82%
ML 2/2019 (DAYU MINING COMPANY LIMITED)	1,110,075	1.72%
ML 1/2017 (S.L MINING LTD)	861,790	1.34%
Other mining projects	13,106,846	20.33%
Total	**64,461,575**	**100.00%**

Figure 18: Contribution to the extractive sector revenues by project



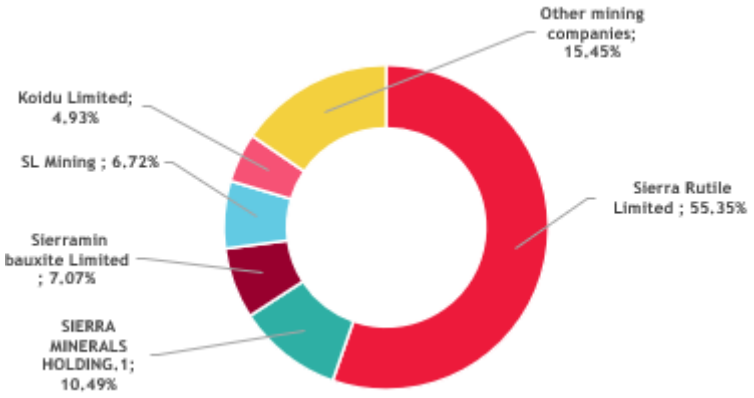
2.4. Analysis of sub-national payments

Sub-national entities (MPs, District Council, Chiefdom Council) and mining companies (for payments made to Landowners and Paramount chief) have reported **US$ 1,254,746** of Surface rental payments for FY 2019.

Surface Rental payments by mining company are presented in the table below:

Mining company	Amount US$	%
Sierra Rutile Limited	694,465	55.35%
SIERRA MINERALS HOLDING.1	131,582	10.49%
Sierramin bauxite Limited	88,718	7.07%
SL Mining	84,294	6.72%
Koidu Limited	61,821	4.93%
Meya mining	49,800	3.97%
Kingho Mining Comapany Limited	41,166	3.28%
SIERRA DIMOND	39,979	3.19%
WONGOR INVESTMENT AND MINING CORPORATION LIMITED	34,744	2.77%
Marampa Mining company	24,730	1.97%
DAYU MINING COMPANY LIMITED	3,448	0.27%
Total	**1,254,746**	**100.00%**

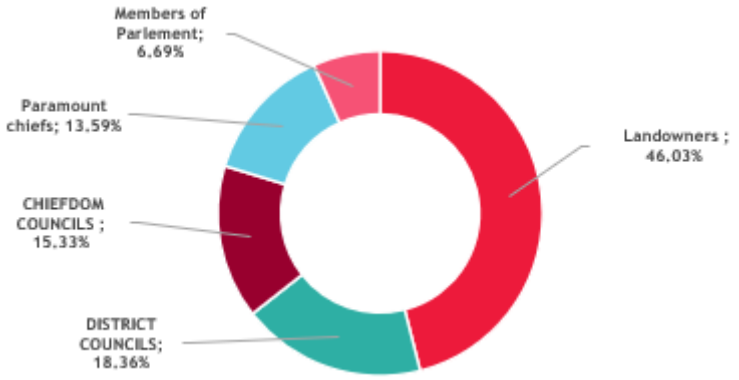
Figure 19: Contribution to the subnational payment by company



Surface Rental revenues by sub-national entity are presented in the table below:

Sub-national entity	Amount USD	%
LANDOWNERS	577,590	46.03%
DISTRICT COUNCILS	230,417	18.36%
CHIEFDOM COUNCILS	192,314	15.33%
PARAMOUNT CHIEFS	170,522	13.59%
MEMBERS OF PARLIAMENR	83,903	6.69%
Total	**1,254,746**	**100.00%**

Figure 20: Sub-national payments by recipient



2.5. Analysis of social and environmental payments

The extractive companies selected to submit reporting templates have reported mandatory and voluntary social payments and environmental payments amounted **US$ 3,375,750** during FY 2019. The table below summarises these payments by company and by type of payment.

Company	Mandatory social payments		Voluntary social payments		Environmental payments		Total	%
	Cash payment	In Kind	Cash payment	In Kind	Cash payment	In Kind		
Sierra Rutile Limited	832,383		-	71,704	545,839		1,449,926	42.95%
Sierra Minerals Holdings No.1 Limited	1,447,604						1,447,604	42.88%
KOIDU LIMITED	47,724		111,702				159,426	4.72%
DAYU MINING COMPANY LIMITED	22,641	126,380	315				149,337	4.42%
WONGOR INVESTMENT AND MINING CORPORATION LTD			3,880		98,412		102,292	3.03%
S.L MINING LTD			25,521		35,089		60,610	1.80%
Sierra Diamonds Limited			6,555				6,555	0.19%
Total	**2,350,352**	**126,380**	**147,973**	**71,704**	**679,340**	**-**	**3,375,750**	**100.00%**

Figure 21: Social and environmental payments by company

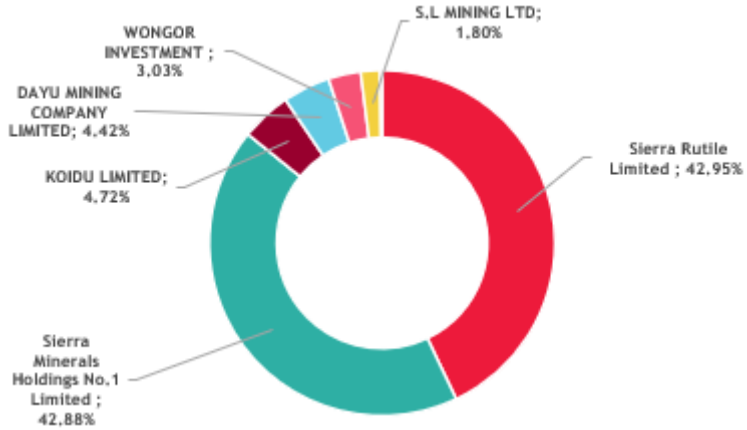
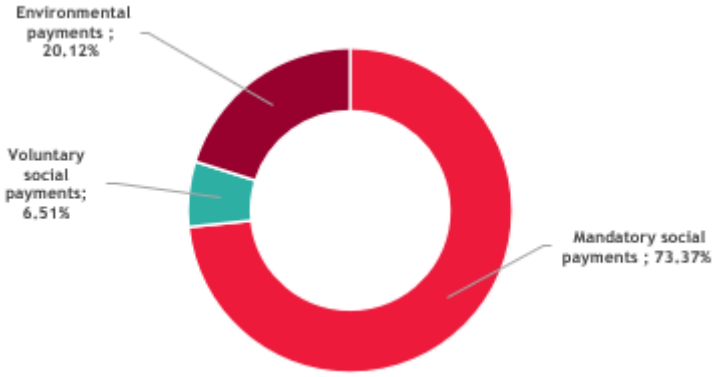


Figure 22: Social and environmental payments by type



3. RECOMMANDATIONS

3.1. Findings and recommendations raised during FY 2019

During our work, we came across several shortcomings and accordingly, we have made recommendations with a view to improve the EITI process in Sierra Leone as well as governance and revenue management in the extractive sector.

These recommendations are described as follows:

Recommendation n°1:	**Title: Contract Transparency**
Type of finding: Non-compliance with Requirement 2.4	
Relevant entity: SLEITI MSG	

Description:

Requirement 2.4 (b) of the EITI Standard 2019 stipulates that implementing countries are required to disclose any contracts and licenses that have been granted, entered into or amended from 1 January 2021. It is a requirement to document the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals.

Although all active mining agreements are publicly available on NMA's as well as Resource Contracts websites, we note that the SLEITI MSG did not:

- document the government's policy on contract disclosure and licenses that govern the exploration and exploitation of oil, gas and minerals;
- outline any barriers or gaps in timely, comprehensive and reliable disclosures face to implement contract transparency fully, as well as technical or financial support needs;
- document all the obstacles and challenges of adopting full contract transparency as required by the EITI Standard;
- identify whether there are any legal reforms underway or under discussion that could strengthen or threaten the availability of contract information; and
- propose and develop a roadmap for strengthening the disclosures of extractive contracts which include actions, responsible parties, timelines, resource and technical assistance needs.

Recommendation:

The SLEITI MSG should document its discussion on what constitutes government policy on contract disclosures by identifying ongoing reforms or new measures under discussion that could strengthen or threaten the availability of contract information.

The SLEITI MSG should then address any obstacles and challenges in adopting full contract transparency as required by the EITI Standard (Requirement 2.4).

Finally, the SLEITI MSG should develop a roadmap for strengthening the disclosures of extractive contracts, which include actions, responsible parties, timelines, resource and technical assistance needs.

Recommendation n°2:	**Title:** Implementation of register of licenses in oil and gas sector
Type of finding: Non-compliance with Requirement 2.3	
Relevant entity: Petroleum Directorate	

Description:

In accordance with Requirement 2.3 (b) of the 2019 EITI Standard, implementing countries are required to maintain a publicly available register or cadastre system(s) with timely and comprehensive information. We noted that Sierra Leone does not maintain a publicly available register for oil and gas licenses.

Recommendation:

In order to comply with Requirement 2.3 (b) of the 2019 EITI Standard, the Government of Sierra Leone should implement a publicly available register for oil & gas licenses including the following information:

- license holder(s);
- coordinates of the licensed area;
- dates of application, dates of award and duration of the licenses; and
- In the case of production licenses, the commodity being produced.

Recommendation n°3:	**Title:** Contribution of the extractive sector to the economy

Type of finding: Non-compliance with Requirement 6.3

Relevant entities: Ministry of Finance, Central Bank of Sierra Leone and Ministry of Labour

Description:

In accordance with EITI Requirement 6.3, implementing countries must disclose, when available, information about the contribution of the extractive sector to the economy for the fiscal year covered by EITI implementation, especially contribution to GDP, to Government revenues, to Exports and to employment.

We note that this information was not disclosed by relevant government agencies. For instance, the Ministry of Finance did not disclose the contribution of the extractive sector to GDP, or to government revenues. The Central Bank of Sierra Leone was unable to disclose the contribution of the EITI sector to exports, while the Ministry of Labour could not provide statistics on employment in the extractive sector.

Recommendation:

In order to comply with requirement 6.3 of EITI Standard 2019, We recommend the Government agencies to disclose contribution of the extractive sector to the economy on annual basis. It is required that this information includes:

- The size of the extractive industries in absolute terms and as a percentage of Gross Domestic Product as well as an estimate of informal sector activity, including but not necessarily limited to artisanal and small scale mining;
- Total government revenues generated by the extractive industries (including taxes, royalties, bonuses, fees, and other payments) in absolute terms and as a percentage of total government revenues;
- Exports from the extractive industries in absolute terms and as a percentage of total exports.
- Employment in the extractive industries in absolute terms and as a percentage of the total employment. The information should be disaggregated by gender and, when available, further disaggregated by company and occupational level.

Recommendation n°4:	**Title:** Non-compliance with EITI reporting templates deadlines
Type of finding: Non-compliance with Requirement 4.1	
Relevant entities: Reporting entities	

Description:

We note that government agencies as well as extractive companies did not honour the deadline of [**Please insert date**] set by the SLEITI MSG for the submission of reporting templates . Additionally, there was a complete lack of response to our queries, despite several chasers sent to these stakeholders.

As result, the preparation of the 2019 SLEITI report took longer than anticipated and was significantly delayed.

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Recommendation:

We recommend for future exercises that the MSG engages with the reporting entities so they adhere to the deadlines set,. These could be in the form of training workshops and emphasis should be laid upon the fact that late reporting could lead to SLEITI's suspension from the EITI Programme. Additionally, they should also be encouraged to reply promptly to the IA's queries so the report can be finalised on time.

Recommendation n°5:	**Title:** Lack of financial support to SLEITI Secretariat
Type of finding: Non-compliance with Requirement 7	
Relevant entity: SLEIT MSG	

Description:

We note that the SLEITI Secretariat does not have sufficient financial support to carry out the following tasks:

- promotion of the EITI values across the country;

- awareness workshops to improve the participation of SLEITI Stakeholders in EITI reporting process; and

- capacity building of government agencies and extractive companies EITI focal points.

Recommendation:

We recommend to the SLEITI MSG to seek a financial support to the SLEITI Secretariat from government or funding international institution in order to:

- promote EITI values in Sierra Leone ;
- perform awareness workshops to improve the involvement of SLEITI Stakeholders in EITI reporting process; and
- capacity building of government agencies and extractive companies EITI focal points.

3.2. Follow up of previous recommendations

No.	Detail of the issue	Recommendation	Addressed (Yes/No)
1	MCAS or the online mining register/cadastre does not feature essential requirements such as license terminations and transfers. These are available offline.	We recommend that these details are uploaded into the MCAS system for easier accessibility	Yes
2	Surface rents vary with mining agreements as currently there are no uniform statutory rates or cost per area established for mining companies.	There should be uniform rates or threshold rates for certain categories of mining contracts and activities. This will ensure standardization and foster transparency.	No
3	During reconciliation surface rent templates are sent in by several chiefdoms and District Councils. Where there is much chiefdom within the operational area of the mine, it is difficult to distribute the payments made by the Companies.	Companies or NMA should provide details of payments made by mining companies to Communities (stating which chiefdoms and Parliament chiefs and the amounts paid) within their operational area to afford easy reconciliation.	Yes

3.3. Follow up of last validation recommendations

During our work, we have reviewed if last validation recommendations have been implemented:

The progress made concerning the last validation recommendations are described in the table below:

Requirement	Recommendation	Implementation	IA comments	Indication in 2019 SLEITI full report
2.2 Licenses allocation	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.	Yes	SLEITI MSG has selected a sample. IA has reviewed the sample to ensure that the license allocation was in accordance with Law and regulations. Technical and financial criteria used in practice are described in this report. Conclusion: No-trivial deviations from the applicable legal and regulatory framework.	Sub-section 4.1.9 & 4.2.6
2.6. State participation	Sierra Leone should ensure that where the government and 11 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	Yes	MSG agreed that there is no state participation in mining sector in Sierra Leone. - No SOE in mining sector in Sierra Leone; - No State legal ownership in mining companies; - No State participation in mining contracts. Government agencies and extractive companies have confirmed that did not provide loans or loan guarantees to mining, oil and gas companies operating within the country	Sub-section 4.1.10 & 4.2.9
3.2 Production	Sierra Leone should ensure that all production volumes and values, including for the ASM subsector, is publicly accessible and reported on.	Yes	Large scale mining production was provided and included in the SLEITI 2019 report. Regarding the ASM production, NMA has provided Baseline Study on Artisanal Mining including an estimation of ASM mining	Sub-section 1.3 & 5.1

Requirement	Recommendation	Implementation	IA comments	Indication in 2019 SLEITI full report
			production. The report is published on SLEITI website.	
4.1 Comprehensiveness	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	Yes	In scoping phase, all material revenues mining sector (by revenue stream) were captured and included in the scope of SLEITI report 2019.	Section 3: Scope of the report and Sub-Section 1.3.7
4.3 Infrastructure provisions and barter agreements	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.	Yes	SLEITI MSG has agreed that Infrastructure provisions and barter agreements requirement is not applicable in Sierra Leone.	Sub-section 4.1.12 & 4.2.12

Requirement	Recommendation	Implementation	IA comments	Indication in 2019 SLEITI full report
4.6 Subnational payment	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.	Yes	SLEITI MSG has agreed that Surface rental is the only subnational payment in Sierra Leone in 2019. The mining companies, Members of Parliament, District councils and Chiefdom Councils have reported Surface rental revenues under SLEITI 2019 report	Sub-section 4.1.15 & Sub-section 4.2.10 and Annex 7
4.9. Data quality	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	Yes	Auditor General have certified all Government agencies reporting templates. All mining companies selected in the scope have submitted their certified reporting templates except SL mining and Sierra Bauxite Limited.	Sub-section 1.3.7 of this report and Annex 11

Requirement	Recommendation	Implementation	IA comments	Indication in 2019 SLEITI full report
	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.			
5.2 Subnational Transfers	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.	Yes	SLEITI MSG has agreed that Diamond Area Community Development Fund (DACDF) is the only subnational transfers in Sierra Leone in 2019. We obtained from NMA Transfers made in 2019 to DACDF. We obtained from MMMR disbursements made in 2019 to communities. We obtained DACDF balance on 31 December 2019.	Sub-section 4.1.16 / Annex 12 and Sub-Section 4.2.12
6.1 mandatory social expenditures	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	Yes	Mining companies selected in the scope have reported Mandatory Social and expenditure under CDAs or mining agreement (in cash, in kind, beneficiaries, ect.)	Sub-section 4.1.18 and Annex 13