SLEITI Sierra Leone Extractive Industries Transparency Initiative
17 Charles Street, 2nd Floor, Freetown, Sierra Leone
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OFFICE OF THE CHIEF OF STAFF
STATE HOUSE

Minutes of the SLEITI Multi-Stakeholder Group (MSG) 3rd Quarter meeting

Date of Meeting- Tuesday, 27th September 2016

Venue - SLEITI Secretariat, 17 Charles Street

Attendance

Government Hon. Sidie M. Tunis, Parliament Donald S. Williams, NRA Abu Tarawalie, NRA Mohamed S. Bah, NMA Amadu Mansaray, Petroleum Directorate Sheku M. Kanneh, EPA- SL	**Civil Society** Abu A. Brima, NMJD / Chair Moses A. Kargbo, SLAJ/Media
Mining Companies Neima Macfoy, SD Steel	**Secretariat** Mina Horace Annie Lansana Mohamed F. Conteh

Apologies: Cecilia Mattia, NACE; Joseph Rahall, Green Scenery; Dr Thomas, NACE; Mohamed Salisu, MoFED; MoFED; Isatu Koneh, ONS

Agenda

1. Opening
2. Adoption of minutes of SLEITI MSG Q2 meeting of 12th May 2016
3. Matters arising from minutes of meeting of 12th May 2016
4. 2014 Report production - *Discussions on inclusion of indirect taxes, materiality threshold, Templates dissemination; Training for MPs /budget; Press release etc*
5. Beneficial Ownership draft roadmap
6. Mainstreaming Transparency
7. SLEITI Autonomy
8. SLEITI 2012 initial reconciliation
9. SLEITI 3 year work plan (2016-2018) - *Funding of plan & lapses in timelines*
10. SLEITI financial status
11. SLEITI contribution towards the EITI management
12. AOB
13. Closing

1. Opening

The group appointed Abu Brima to chair the meeting in the absence of the Chief of Staff. In his opening remarks, he welcomed members and noted that the government was well represented but that mining companies and CSOs had only one representative each. He asked the mining companies and CSOs to engage their constituencies to ensure full participation in the future.

Members present agreed that the Chief of Staff should write the large scale companies, listed on the SLEITI MSG MoU signed in 2011, to reinstate their engagement on the MSG. A second letter of similar nature, from the Chief of Staff should be addressed to the Chamber of Mines, through the latter's legal officer.

The meeting had quorum and the agenda was adopted.

2. Correction & Adoption of SLEITI MSG Minutes of the Second Quarter Meeting of 12th May 2016

The minutes of the meeting of 12th May 2016 were approved and adopted with no amendments. The motion for adoption was moved by Sallieu Bah seconded by Donald Williams.

3. Matters arising from minutes of 12th May 2016

a) ***Cabinet presentation and Briefing for H.E on SLEITI*** – The Secretariat delivered a presentation on the SLEITI 2013 Report at the Cabinet meeting held at State House on Wednesday, 1st June 2016. The Cabinet ministers were concerned about how soon the recommendations from past SLEITI reports will be fully implemented and the extent to which the discrepancies resulting from the reconciliation of companies and government data would be addressed. Peter Bangura, NMA joined the Secretariat in responding to some questions raised on the 2013 report and governance of the sector. A suitable time was not identified to brief H.E on the SLEITI process but will be determined later.

b) ***Mining Companies representatives on the MSG*** - A letter was issued by the Chief of Staff, to the Chamber of Mines to remind the latter to nominate mining companies representatives to the MSG.

c) ***Approval of outstanding 2015 minutes***- All outstanding minutes were endorsed electronically and subsequently signed by the Chief and other members that chaired MSG meetings in the absence of the Chair.

d) ***Drafting of SLEITI 2016-18 Work plan*** - The 3 year draft work plan was finalised at the MSG retreat held in August 2016.

e) ***Terms of Reference for the 2014 report*** – The approved 2014 ToR, amongst other reporting parameters, will cover the oil/gas sector and Boas &Associates was sole-sourced with NPPA's approval to prepare the said report. The available NRA data was deemed not detailed enough to facilitate reporting and reconciliation at project level.

f) ***SLEITI 2012 report*** – The 2012 Inception report was approved by the MSG and the NRA and NMA urged to swiftly submit their outstanding reporting templates for certification.

g) ***Reviewing Surface Rent Payment Structure*** - The NMA is yet to develop a payment structure consistent with the SLEITI 2013 Report's recommendation. The Secretariat is to continue to send reminders to the NMA on this issue.

h) ***Launch of SLEITI reports*** – Members agreed that the SLEITI 2012, 2013 & 2014 reports should be launched jointly, at the end of the year and because the idea of disseminating SLEITI reports covering different fiscal years might seem strange, the group advised the Secretariat to be creative on their delivery and find meaningful ways of explaining the data during the dissemination. For example, the communications and presentations could actually benefit from the launch of the 3 consecutive reports by focusing on using trends analysis to compare and contrast the data from the 3 reports etc.

i) ***SLEITI MSG Tor & Internal Governance Rules*** - The draft ToR and governance rules were presented for discussion during the August 2016 MSG retreat. Feedback from the MSG and other participants were incorporated into first draft. The second draft will be circulated for final comments.

j) ***SLEITI 2015 Beneficial Ownership Study*** – The MSG noted that members were not able to review, provide feedback and adopt the said report even though the consultant was on standby to deliver a presentation, at an MSG meeting, on more than one occasion. The EIRT was tasked with reviewing the BO report, however Naim Merimeche later forwarded his personal comments to the Secretariat after the rest of the team failed to cooperate.
At the end of the discussions, the MSG agreed to adopt and accept the report noting it will serve as ground work for BO related consultations. The consultant had received full payment, from Giz, for the assignment.

k) ***MSG membership*** – Those MSG members who had been regularly absent were encouraged to re-activate their participation on the MSG, especially in the area of regular attendance at meetings. Discussions continue on the allowing development partners at meetings as observers and the extension of MSG membership to the academia and research institutions.

l) ***Implementation of recommendations from SLEITI reports*** – So far only the Petroleum Directorate has acknowledged and responded to the MSG's request to address the outstanding recommendations.

4) 2014 Report Production

Neima Macfoy briefed the meeting that initially, the Technical Committee had recommended the exclusion of all indirect taxes from the 2014 report based on previous practice, but added that the issue of whether to include or exclude indirect taxes such as PAYE, withholding taxes etc should now be re-visited after the International Secretariat questioned the basis for excluding such taxes. The above subject was discussed in detail and the decision reached by the MSG is below:

The MSG agreed that the IA had addressed most of the comments made on the 2014 Scoping report by International Secretariat. Furthermore, the group agreed on the following;

- **Indirect taxes**
  PAYE contributed approximately 38% to total revenue from the EI sector in 2014. Being the highest contributor to total revenue, it was considered a material revenue stream that should be unilaterally reported on by companies. The NRA will not report on PAYE and so this revenue

stream will not be reconciled. The MSG agreed to exclude indirect taxes such as withholding tax on contractors, withholding tax on rent., GST, import duty, ECOWAS duty, payroll tax, customs process fee, road charges etc to either avoid complications and delay in reporting and/or due to their immaterial contributions to the sector's revenue base.

The decision for unilateral disclosure by companies was taken because the NRA informed members that their data was not yet in proper order to report on this payment stream against the deadline for data collection. NRA representative added that the manner in which the Bank of Sierra Leone processed PAYE payments is a major contributing factor to their record-keeping problem. Because of this, he feared that attempting to report by the NRA will lead to huge and irreconcilable differences.

The Chair used the discussion to highlight the relevance of the EITI process adding that the EITI is not about discrediting institutions but rather the process serves to identify and help address weaknesses in government institutions and the industry.

It was suggested that MDAs be issued with quarterly reporting templates to report on revenue collection on a quarterly basis to save time during annual reconciliations.

- **Materiality Threshold**
  It was agreed that the IA should propose Three (3) Materiality Threshold definitions based on direct taxes only to give members a range of options to consider when deciding on which threshold to adopt.

- **Companies & Government 2014 Reporting templates**
  The Reporting templates were endorsed by the group subject to inclusion of PAYE on the companies template. (the amended reporting template to be circulated to members)
- **Voluntary Social Expenditures (commonly referred to as Corporate Social Responsibilities)** – A separate reporting template should be drafted by the IA for companies to disclose their social expenditures for 2014. This payment stream comprises voluntary corporate social responsibilities undertaken by the companies and would not feasibly be able to be reconciled. The rationale for beginning this process with the 2014 report was to inform the MSG of the nature and size of expenditures made by companies to local communities and other beneficiaries, both in cash and in kind. Although some members argued that companies reporting on CRS would provide them a means of publicity and only promote their image, the meeting noted that encouraging reporting on social expenditures would have the practical benefit of helping to avoid duplication of efforts by companies and government with regard to the developmental agendas particularly for mining communities. Road works, building projects, construction of schools and health facilities were cited as some developmental activities undertaken by both the Government and companies.

A concern was raised by Amadu Mansaray that the oil companies had outsourced execution of their CSR to contractors and might not be able to report. In response, members concluded that

reporting can be easily accomplished as the contractors are normally required to give account to the companies that hired them.

The Mines and Minerals Act 2009 has provisions for mandatory social expenditures which should be subject to reporting and reconciliation between companies and their beneficiaries however, the MMR and NMA are still working on finalising the Model Community Development Agreements (CDA) which will provide the necessary structure for disbursement of the 0.01% of companies total revenue mandated by the MMMR Act. Until the draft CDA model is approved, there will be no reporting and reconciliation of mandatory social payments.

- **Project level reporting**
  Reporting for the 2014 report will be done at company and not project-level due to lack of detailed information to enable this disclosure and reconciliation.
- **Reporting by Members of Parliament**
  Following the MSG's decision that MPs who receive 10% surface rent payment from mining companies (in line with the MMA 2009) should report these revenues, it was agreed that the Secretariat should conduct training for the MPs to explain the SLEITI reporting process including how to fill the reporting template. Parliament was on recess until 6th October 2016, and will be notified of training through a letter addressed to the Speaker of the House, with either Tuesday, 11th Thursday or 13th October 2016 being proposed date for training. Honourable Tunis committed to convey the above message to his fellow MPs and support the Secretariat to ensure a successful training. He also advised that the SLEITI's budget in respect of training for Parliamentarians should be made public for the sake of transparency and to manage the MPs expectations.

5) Beneficial Ownership draft Roadmap

The BO roadmap drafted by the Secretariat was tabled at the meeting for discussion. The MSG noted that it should be reviewed and approved by members prior to its publication against the1st January 2017 deadline. The NC informed members that the International Secretariat had set up an informal committee that would be willing to provide feedback on the draft roadmap to which members granted their approval.

6) Mainstreaming Transparency

The MSG discussed mainstreaming of SLEITI against the backdrop of the new EITI Standard which seeks to promote mainstreaming through the use of existing reporting systems for EITI data collection. The role of the NMA Online Repository and the extent to which it could be used as a channel for SLEITI reporting was discussed extensively. It was recommended that other institutions through which transparency could be mainstreamed needed to be identified. In this regard, SLEITI should conduct high level engagement with the leadership of relevant MDAs to solicit their commitment towards mainstreaming transparency.

Concern was raised over whether official or non-official code of secrecy over certain information which the EITI would want to make public would be an impediment to mainstreaming. The necessity

of a SLEITI Policy and Act as one means of resolving this shortcoming through a legislation was reiterated by the MSG. It was noted that the existence of the Right to Access Information might already necessitate the amendment of various Acts with secrecy provisions.

7) SLEITI Autonomy

For the benefit of those absent from the August MSG retreat, the NC informed the meeting that SLEITI Autonomy was discussed in detail, with many MSG members opting for SLEITI to become autonomous.

Members present argued that the MSG should pursue the enactment of a SLEITI Act that would make this body autonomous. The Act would also give powers to SLEITI to hold the Government, mining companies and other stakeholders accountable. The low impact of SLEITI was attributed to the lack of an Act. Other concerns raised were the low level of funding for the initiative and the lack of transparency in the management of funds received by civil society groups and other institutions to undertake SLEITI activities.

The MSG agreed to include SLEITI autonomy in the current work plan and to meet with the Chief of Staff to discuss the way forward.

8) SLEITI 2012 initial Reconciliation

The results of the initial reconciliation of companies and government 2012 data undertaken by BDO was shared with the MSG for their attention. Members urged BDO to take urgent steps in addressing the resulting discrepancies by engaging the affected entities.

9) Work Plan

The 2016 Work plan was discussed and MSG agreed on the following;

- That a review was necessary of **Sub Objective 2 (*Strengthen the legal and regulatory frameworks for governance of the extractive industries sector in Sierra Leone)*** because it does not match the Outcome ***(Eliminate overlaps and ambiguities leading to better enforcement of the laws and policies)***.
- Amadu Mansaray consented to check whether the activities under SO2 are in line with the SO2 objective and revert to the MSG.
- The Secretariat should review the 2016 activities that are unlikely to be completed in 2016 due to funding challenges and roll them into 2017.
- The Secretariat is to update the MSG Finance/Admin committee on the outcome of the September 29th meeting between SLEITI secretariat & World Bank at which meeting funding of the work plan will be discussed.
- The secretariat and MSG Finance/ Management committee should review the work plan and report to entire MSG. The committee should explore the possibility of meeting development partners for possible funding. The MSG noted that the ADB is scaling back on its funding of many GoSL projects including SLEITI and that GIZ has still not made any commitment to fund SLEITI.

- After the Fin/Management committee meeting the updated work plan should be circulated to all stakeholders for comment.

10) SLEITI 2016 financial Statement

The 2016 financial statement was tabled at the 3rd quarter meeting without prior review by the Finance/Management committee. The secretariat apologised for the lapse and explained that there had not been enough time to get the committee to review the financial statement ahead of the MSG meeting.

The MSG advised that a SLEITI financial report showing budget versus actual expenditures should be presented at quarterly meetings and that these reports should be presented to the Finance/Admin committee for prior review.

11) Contribution to EITI Management

MSG agreed that the cost benefit analysis for making an annual contribution of $10,000 to the International Secretariat should be considered before making a decision. It was agreed that the benefits of the EITI outweigh the cost and therefore SLEITI should commit to making this contribution annually.

13) AOB

- MSG endorsed the NC & Fin & Admin Manager's participation at the Regional Beneficial Ownership workshop for Anglophone & Lusophone countries. in Abuja from 30th October to 3rdNovember 2016
- The MSG consented to the visit by Pablo Valverde and Ines Marques from the EITI International Secretariat to Sierra Leone to provide support for preparation of the Beneficial Ownership Roadmap.

14) Closing

There being no other matter to discuss, the meeting was brought to a close. The motion was moved by Mohamed Bah and seconded by Neima Macfoy.

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Abu A. Brima
Chair

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Mina O. Horace
Secretary