Dear Sierra Leone EITI MSG,

As you are aware, on 25 October 2016, the EITI Board agreed a revised Validation schedule, whereby Sierra Leone would commence Validation on 1 July 2018. This of course is something that you have been preparing for some time. We are writing to notify you of the commencement of Validation and to encourage you to send the International Secretariat any additional documents that may not be available on the SLEITI website, but that would be relevant for the assessment of stakeholder engagement, MSG oversight, EITI reporting, outcomes and impact as well as any other area of importance.

A reminder that in accordance with the EITI Standard, Sierra Leone may apply for an extension if it is unable to meet the deadline for Validation. This request should be made in advance of the deadline (1 July) and be endorsed by the MSG. Additional guidance is provided in Requirement 8.5 in the Standard. A further reminder that any documents that should be reviewed as part of Validation, such as the 2016 EITI Report or the 2017 Annual Progress Report, need to be finalized and approved by the MSG before the commencement of Validation (1 July).

Our work will include a visit to Freetown. Below, we provide some additional details about this work. You are welcome to contact us with questions and comments.

1. What is Validation? Validation is an essential feature of the EITI process. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation report will, in addition, address the impact of the EITI in the country being validated, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI. The MSG is encouraged to consult Guidance Note 23 on preparing for Validation.
2. Validation procedure. In February 2016 the EITI Board approved a revised Validation system. The new system has four phases:
   i) Preparation for Validation
   ii) Data collection undertaken by the International Secretariat
   iii) Independent quality assurance by an independent Validator who reports directly the EITI Board
   iv) Board review.

A more detailed overview is available here.

In May 2016, the Board agreed the Validation Guide, which provides detailed guidance on assessing EITI Requirements, and more detailed Validation procedures, including a standardised procedure for data collection and stakeholder consultation by the EITI International Secretariat and standardised terms of reference for the Validator. As previously, there are extensive opportunities for stakeholder participation, as set out below.

The Validation Guide includes a provision that: "Where the MSG wishes that validation pays particular attention to assessing certain objectives or activities in accordance with the MSG workplan, these should be outlined upon the request of the MSG". We invite the MSG to consider whether there are objectives or activities that should receive particular attention. The MSG is also encouraged to

consider whether it would like the International Secretariat to consider undertaking a visit to locations outside the national capital and to make concrete proposals regarding the planning of the mission.

3. Data collection by the International Secretariat. The International Secretariat's work will be conducted in three phases:
    1. Desk Review. Prior to visiting the country, the Secretariat will conduct a detailed 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.

This work will include initial consultations with stakeholders, who are invited to submit any other documentation they consider relevant. Without prejudice to the ability of the Board to exercise their discretion to consider all available evidence, the Secretariat will not take into account actions undertaken after the commencement of Validation. As an internal deadline, we would like to propose the date of 20 July 2018 as the cut-off date for receiving documentation from the MSG or from any stakeholders in Sierra Leone's EITI implementation. This means that the International Secretariat would not be in a position to accept any document provided after this date, even if the document was published prior to the 1 July 2018 start of Validation.

2. Country visit. The timing of the country visit (which usually lasts one working week) will be determined in consultations with the MSG. The secretariat will meet 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. MSG members are invited to make suggestions on stakeholders the team should consult. The MSG is also invited to make proposals on the appropriate timing of the stakeholder consultations mission.

    In addition to meeting with the MSG as a group, the Secretariat will meet with its constituent parts (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders are able to freely express their views and that requests for confidentially are respected. We will send you a suggested programme for your consideration. As noted above, the Secretariat welcomes written statements and other materials of relevance. We would also encourage you to post a notice of the Validation process on the EITI Sierra Leone website and any other relevant communication channels, inviting any interested stakeholders to contact the Validation team directly. Please feel free to publish my contact details for stakeholders to follow up with: pvalverde@eiti.org. We would suggest publishing this notice on the

appropriate channels by 15 July to allow sufficient time for stakeholders to contact any member of the team.

3. Reporting on progress against requirements. Based on these consultations, the International Secretariat will prepare a report making an initial assessment of progress against requirements in accordance with the Validation Guide. The initial assessment will not include an overall assessment of compliance. The report is submitted to the Validator (see below). The National Coordinator (NC) receives a copy. Comments on the facts are welcome but NC and the MSG are encouraged to defer any major commentary until they receive the Validator's draft report.

4. Independent Validation. The EITI Board has appointed an Independent Validator through an open, competitive tendering process. The Validator will report to the Board via the Validation Committee.

   The Validator assesses whether the Secretariat's initial assessment has been carried out in accordance with the Validation Guide. This will include: a detailed desk review of the relevant documentation for each requirement and the Secretariat's initial assessment of each requirement, a risk-based approach for spot checks, and further consultations with stakeholders. The Board may request that the Validator undertake spot checks on specific requirements.

   The Validator comments on the Secretariat's initial assessment and prepares a Draft Validation Report. The MSG will be invited to comment on the Draft Validation Report. Having considered the MSG's comments, the Validator will then compile a Final Validation Report and write to the MSG to explain how it has considered their comments. The MSG will receive a copy of the Final Validation Report.

   The Final Validation Report will include the Validator's assessment of compliance with each provision, but not an overall assessment of compliance. The Validator will be invited to present their findings to the Validation Committee.

5. Board Review. The Validation Committee will review the Final Validation Report and the supporting documentation (including the MSG's comments). The Validation Committee will make a recommendation to the EITI Board on the country's compliance with the EITI Requirements and, where applicable, any corrective actions required.

The EITI Board will make the final determination of whether the requirements are met or unmet, and on the country's overall compliance in accordance with provision 8.3.a.ii of the EITI Standard. There is an appeal process, as per requirement 8.8.

Please do not hesitate to contact us if you have any comments or questions about the Validation.

Best regards,

STRENGTHS AND WEAKNESSES IDENTIFIED INT EH EITI PROCESS

Strengths

1. **Information on the Sector -** The SLEITI reports are able to provide comprehensive contextual information on the extractive sector.
2. **MSG Internal Rules** – The rules developed to ensure effective multi-stakeholder engagement and an efficient decision-making process.
3. **Dissemination of SLEITI reports** -Town hall meetings organized to discuss SLEITI reports with communities giving them the opportunity to discuss and share their views on mining operations in their communities and governance of the sector.
4. **Civil Society engagement** - Civil society have freedom to engage their constituency on the MSG. There are no elements of being stifled by government.
5. **Functioning of the National Secretariat** - The national Secretariat is adequately able to implement the decisions of the board as much as lie within their power.
6. **Quality Assurance of Data -** The Audit Service Sierra Leone takes the process seriously and always endeavor to certify the MDAs reporting templates to provide an assurance that the revenues reported are reliable.
7. **Engagement of the Legislature** - Lack of interest by the past members of Parliament in the SLEITI process.

Weakness

1. **SLEITI Recommendations** – The SLEITI recommendations provide useful guidance for reforming the legal and regulatory framework but stakeholders have not openly discussed the recommendations to help the MSG and public make a determination on the seriousness of the government to reform the sector.
2. **Industry Participation on the MSG** - Inadequate extractive companies representation on the multi-stakeholder group
3. **Funding** - Inadequate funding to fully accomplish the SLEITI work program and high dependence on donor support to fund the EITI reports to the extent that the timing to commence with the exercise of procuring the IA

is sometimes compromised. The allocations made to SLEITI in 2017 was to cover day to day operational costs only.

4. **Production of SLEITI reports** - EITI reports have a two-year time. However, the more recent the report the better use it will serve in provoking debate and dialogue on the management of the sector. SLEITI reports still has a two-year lead time which the public continues to complain about as not as relevant as they should be.
5. **Lack of adequate staffing** – The position of the Research and Technical Analyst in the Secretariat was approved by the MSG but the ban on recruitment between 2016 -2017 left such a key position vacant.
6. **Collaboration** - Limited collaboration between MDAs. On most occasions SLEITI is not updated on developments taking place especially in areas that have bearing on the sector's management.
7. **Delays in reporting** – Some MDAs did not fully cooperate with the reporting deadlines as they were extremely late in submitting reporting templates.
8. **MSG meetings** - Meetings have had to be postponed over and over as most members do not acknowledge notices of meetings no do they show up.
9. **MSG tenure** – based on the MSG Internal Rules that is now in place the group has still not discussed changing of membership.
10. **Lack of an MSG Chair** – The lack of a deputy Chair created a lot of bottlenecks, particularly in 2017 and in early 2018. The Chair was mostly too pre-occupied with State matters to address some important and pressing issues.
11. **The Sierra Leone Elections Process** – The process of preparing for political campaigns, the campaign process itself and the elections process in any given Presidential and Parliamentary elections year slows do the EITI process. The anticipation of political unrest or actual unrest, the involvement of some institutional heads in the elections process even at sub-national levels are some of the contributing factors.

SLEITI Sierra Leone Extractive Industries Transparency Initiative
17 Charles Street, Buxton Compound, 2nd Floor,
Freetown, Sierra Leone
Website: www.sleiti.gov.sl

OFFICE OF THE VICE PRESIDENT

Ref: CONF/OVP/EITI/04

DRAFT

Mr. Fredrik Reinfeldt

EITI Board Chair

Extractive Industries Transparency Initiative

Oslo, Norway

28th June 2018

Dear Sir,

Request for Extension of Sierra Leone's Validation Commencing on 1st July 2018

On behalf of the SLEITI Multi-Stakeholder Group (MSG), I write to seek the EITI Board's approval for a six-month extension of the 1st July 2018 commencement date for Sierra Leone's Validation due to exceptional circumstances as result of the government transition.

(a) Sierra Leone's Transition under a New Government

The Sierra Leone People's Party (SLPP) came into governance after the Party won the March 21, 2018 Presidential run-off elections.

The SLPP alluded to implementing the EITI in the Party's Manifesto.

"Ensure full transparency in the sector through complying with the EITI standard, make all contracts public, and provide updated and validated information on tax and other contributions from the mining sector to the government" – SLPP, People's Manifesto p.23.

"Inadequate skilled staff, transfer pricing, thin capitalization and inadequate Information Technology infrastructure have all combined to undermine effectiveness in revenue mobilization in Sierra Leone." – SLPP, People's Manifesto p.11.

"Political cronies have been the biggest beneficiaries of government contracts." – SLPP, People's Manifesto p.56.

The newly elected President Julius Bio in his address to the First Session of Fifth Parliament of the Second Republic of Sierra Leone committed to ensure full transparency in the extractive sector by complying with the EITI Standard and provide updated and validated information on tax and other contributions from the mining sector to the government.

The former office of the Chief of Staff (OCOS) of which SLEITI Secretariat had remained a unit was dissolved on 7th May, 2018 due to the creation of the Office of the Chief Minister under the New Direction. The MSG was notified shortly after this public notice. Incidentally,

the tenancy of the office premise the Secretariat was occupying had just ended and the secretariat was now expected to move out.

As stakeholders were trying to figure out the implication of the dissolution of the OCOS for SLEITI, the National Coordinator received copy of a letter dated 11th May 2018, addressed to the Minister of Mines and Mineral Resources informing of SEITI's transfer to become a department under the Ministry. The letter indicated that the Minister will become the EITI Champion and the reporting line for Cabinet, Parliament and His Excellency the President on all SLEITI matters. The SLEITI Multi-stakeholder group did not welcome the transfer news and the civil society constituency led a campaign to reverse this decision on the basis that the initiative would be compromised if one of the government reporting entities became the leader of the process. Secondly the EITI requires high political leadership to oversee implementation which would be absent if the Mines Ministry is entrusted with leading the EITI. Notwithstanding the above, the Secretariat continued with preparation to vacate the rented office as the Ministry of Mines carried on with efforts to locate office space for hosting.

On 6th June 2018 the Secretariat received a letter from the Office of the Vice President notifying of the transfer of SLEITI to the Vice-President's Office with immediate effect and this was immediately followed by an invitation to a planning meeting on 12th June 2018. Prior to this invitation, the National Coordinator had met with the Minister of State in the Office of the Vice-President for an introductory meeting on 31st May 2018.

At both these meetings of 31st May and 12th June, the National Coordinator briefly updated the State Minister and Secretary of the Vice-President on the status of implementation and specifically highlighted the pending issues including the ongoing production of the SLEITI 2016 report, the 2017 Annual Progress Report, commencement of Sierra Leone's Validation on July 1, 2018 and more. The Chief Executives were also advised to meet with the Multi-stakeholder group as soon as possible and to quickly arrange for a meeting between the new SLEITI Champion in the person of the Vice President to begin the process of providing leadership for the initiative. In the meantime, the VP's Office is trying to identify a suitable office space for the Secretariat. We are pleased to inform that the SLEITI MSG held its first meeting in the Office of the Vice-President chaired by the Minister of State. The Group is expected to meet with the Vice-President shortly.

As the transition continues, we are experiencing re-structuring in the different sectors and some SLEITI stakeholders have been replaced most of whom have little or no idea of the SLEITI process and therefore will be unable to provide a fair view on the SLEITI process during Validation until the gain better understanding of the process. Some reporting lines have also changed. For instance, there are new Ministers and Deputy Ministers as well as CEOs in the Ministry of Mines, the Environmental Protection Agency, the Office of National Security, the National Revenue Authority and more. Parliament is obviously continuing in its role of providing oversight of the extractive sector but as the terms of the former Members of Parliament ended in 2017, there is now a new Clerk of Parliament and Members of Parliament. SLEITI is yet to meet with the Parliamentary Committee on Mines and Mineral Resources to apprise them on the SLEITI process.

(b) Pre- Validation workshop

In preparation to commence Validation on 1st July, the SLEITI MSG conducted a Pre-Validation workshop on 12th December 2017 to assess Sierra Leone's compliance with the

2016 EITI requirements and to identify gaps in implementation. The workshop was facilitated by the Deputy Head of the EITI Secretariat, Eddie Rich and EITI Consultant, Tove Strauss with the LEITI National Coordinator in attendance to share Liberia's Validation experience under the 2016 Standard. At the end of workshop several gaps were identified and corrective actions agreed on for implementation before the start Validation in July 2018. This matrix of action points was shared with all stakeholders for action and ongoing efforts are being made to address them.

© Additional Preparation for Validation

The Secretariat has been working progressively in terms of preparation for Validation and all stakeholders were duly remined of the pending exercise. Experiences shared during the EITI peer learning meeting in Zambia, November 2017, by the countries that had undertaken Validation under the 2016 Standard were all useful for Sierra Leone.

(d) The 2016 SLEITI Report

The 2016 report has been approved by the MSG and will be submitted to the EITI Board as basis for Validation. In this regard, the MSG ensured that a high-quality report that possibly meets all the applicable EITI requirements is produced. Boas and Associates, a Ghanaian firm was contracted to produce the report and funded by the World Bank. The draft report was distributed for review by all Ministries, Departments, Agencies and companies that reported, other stakeholders in and out of the MSG and development partners. The Independent Administrator has acted on the feedback provided by stakeholders and the EITI Secretariat.

e) SLEITI 2017 Annual Progress Report

The MSG has approved the 2017 APR which assessed SLEITI's progress against the EITI requirements and anticipates interesting debates on the strengths, weakness and impact of SLEITI implementation.

(f) Funding for SLEITI Implementation

Under the new government, SLEITI as the case is with all other government institutions is awaiting government of Sierra Leone allocation to continue with operations and implementation of the SLEITI work plan. The Office of the Vice-President has advised the Secretariat to prepare and submit a 6 months budget covering July to December 2018 for the provision of funding.

Given all of the above, the extension will provide an opportunity for the Champion and other key stakeholders to become familiar with the SLEITI process and gain an appreciation for the true essence of Validation. A knowledgeable Champion will lead to effective leadership. Other new core stakeholders will also engage meaningfully with better understanding of the process.

Finally, the Secretariat will also need time to settle in their new office and records organized to continue work at this crucial time.

We thank you for your understanding and look forward to your kind consideration of this request.

Yours Sincerely,

Mina Horace
National Coordinator

Copy: The Vice-President
The Minister of State, Office of the Vice-President
The Secretary to the Vice-President
SLEITI Multi-stakeholder Group

Urgent Remedial Actions based on the 12th Dec 2017 Pre-Validation Assessment

The 2015 draft Report was used as basis for the assessment

Requirement	Action Point	Lead	Additional Comment
1. Oversight by the Multi-stakeholder Group			
1.1 Government Engagement	**Satisfactory progress with?** The new Chair to make public statements on the EITI process and to take opportunities to link SLEITI.	MSG Chair / Champion	
1.2 Industry Engagement	**Inadequate progress** Mining & oil companies representation to increase with involvement of the Chamber of Mines	NMA	
1.3 Civil Society Engagement	**Satisfactory progress / inadequate** CSO engagement as a constituency to be improved on. CSO communications with the MSG to be improved on. Change of CSOs on the MSG.	NACE	
1.4 Multi-stakeholder Group	**Inadequate Progress** MSG membership to be refreshed. Members that have served for 11 years to be replaced. All constituencies to be informed to urgently refresh their membership	MSG	

	MSG ToR to be approved.		
a. The role, responsibilities and rights of the multi-stakeholder group			
b. Approval of work plans, EITI Reports and annual progress reports			
c. Internal governance rules and procedures	**Meaningful progress** The Internal rules including MSG ToR to be approved.		Internal Rules approved by MSG
1.5 Workplan	**Meaningful Progress** Upload work plan on website	Secretariat	Current work plan 2017-2019 on website, fully costed so Satisfactory Progress here.
2. Legal and institutional framework, including allocation of contracts and licenses			
2.1 Legal framework and fiscal regime	**Inadequate or Meaningful** SLEITI draft report (2015 & 2016) to clearly explain the legal and fiscal frameworks. The format of explaining this to be properly presented especially for the fiscal framework.- - Bring in links to all laws, Acts and policies in one place on the website and include in the SLEITI reports -	IA Secretariat	These shortfalls have been address in the 2016 report. Uploading of Acts etc. not yet done. Communications Officer lacks ICT support to work on website.

2.2 License allocations	**Inadequate** Put the licenses allocation process on the Cadastre/Online repository and on the Petroleum Directorate website. - If info on license allocation exists disclose links in the 2015 and 2016 reports	NMA Petroleum Directorate	
2.3 Register of licenses	Meaningful/Satisfactory Progress - Put link to the Online Repository and PD website in the SLEITI reports	IA	
2.4 Contracts disclosure policy	Meaningful - IA to provide overview and explain policy on contracts disclosure - Explain to what extent there is a policy and to what extent there is publication/practice of policy - Explain where contracts are published and the extent of publication.		
2.5 Beneficial ownership	No rating - CAC to be included in MSG at least as observers - SLEITI to move ahead with	Secretariat	CAC included on MSG

	roadmap		
2.6 State participation	No Progress - Report to explain that there is no State ownership in mining but there is provision for in PD law for up to 10% in oil/gas sector.	IA	To be addressed in the 2016 report.
3. Exploration and production			
3.1 Exploration	Satisfactory Progress But report to provide more information on exploration.	IA	To be addressed in the 2016 report.
3.2 Production	Meaningful / Inadequate Progress - Information on production should be consistent and comprehensive. In the 2015 draft report some are in volumes, some in values.	IA	To be addressed in the 2016 report.
3.3 Exports	Meaningful / Inadequate Progress Information on production should be consistent, clear and comprehensive.		
4. Revenue Collection			
4.1 Comprehensive disclosure of taxes and revenues	Not applicable - Report to outline Materiality discussions,	IA	The Int Sec commented during the 12th Dec 2017 workshop that it was early to comment on the 2015 draft's comprehensiveness.
4.2 Sale of the state's share of production or other revenues	Not applicable to S/Leone	IA	

collected in-kind	Report should explain that this requirement is not applicable to S/Leone.		
4.3 Infrastructure provisions and barter arrangements	**Probably No progress** Report to explain not applicable. The report to clarify and set out that the govt has 10% in rail and ports authority. - MSG to discuss this	IA MSG	Not applicable to SL.
4.4 Transportation revenues	Probably No Progress - This needs to be explored and explained in the report (probably, not material). MSG discussion on this to be reflected in the report. - The report to explain whether the agreement between African Minerals and GoSL which includes a fee to the Rail and Ports Authority which is 10% govt owned. It is unlikely to be material but the figures need to be explored and then mentioned in the report.	IA	
4.5 Transactions related to state-owned enterprises	**Probably No progress** - Report needs to mention the status of SOE based on the		

	MSG's discussions. If there are no SOEs the report should make clear. - Report needs to explain that there are no in-kind payments		
4.6 Sub-national payments	No assessment Too early to tell - Report to explain details of sub-national payments	IA	
4.7 Level of disaggregation	No assessment		Project level reporting is challenge.
4.8 Data timeliness	Too early to tell		The suggestion by the EITI to produce the 2015 and 2016 reports separately were adopted by the MSG.
4.9 Data quality and assurance	Too early to tell		ASSL is on the MSG. Special attention to be paid to data assurance to ensure due processes are followed.
5. Revenue Allocations			
5.1 Distribution of extractive industry revenues	**Not assessed in Validation** - Do a onetime explanation on the website on how money comes into the govt - Do diagram to help	IA	The report should explain what revenues are recorded and those that are not recorded in the national budget, what the subnational transfers there are, if any, what earmarked revenues there may be.

5.2 Subnational transfers 5.3 Revenue management and expenditures			
6. Social and economic spending			
6.1 Social expenditures by extractive companies	**Likely to be No progress or inadequate progress** - IA to explain the law, process and practice in full including amounts	IA	EITI Comment – the draft 2015 report does not differentiate between mandatory and voluntary payments and the report wrongly classifies direct subnational payments as mandatory social payments. Needs to establish whether there are mandatory social payments and if so provide the necessary info.
6.2 Quasi-fiscal expenditures	**This is probably not applicable** - Report to explain not applicable	IA	
6.3 The contribution of the extractive sector to the economy	**Probably satisfactory** - IA to include ASM information in report.		
7. Outcomes and impact			
7.1 Public debate	**Early to tell** - The different stakeholders to publish the open data. - The pdf reports on the website should be in open		

	formats. - Promote process and to link wider reforms - SLEITI to publish all reports in open data - Revise the communications strategy - Consider the work plan objective		
7.2 Data accessibility			Summary data published online
7.3 Discrepancies and recommendations from EITI Reports	**Not enough information to make an assessment** - MSG/MDAs to discuss and take actions on recommendations	MDAs MSG Secretariat	.
7.4 Review the outcomes and impact of EITI implementation	Probably satisfactory		EITI – The 2016 SLEITI APR is good