

# ACCOUNTABLE USE OF SUBNATIONAL MINING REVENUES TRANSFERS

Social  
Audit  
Report

2024



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## **ACRONYMS**

AJME - Association of Journalists on Mining and Extractives

APOA - Affected Property Owners Association

BRU - Bike Riders Union

CDA - Community Development Agreement

CEDAP - Community and Environmental Development Action Plan

CDC - Community Development Committee

CDF - Community Development Fund

EIA - Environmental Impacts Assessment

EPA - Environmental Protection Agency

FBC - Fourah Bay College

IVS - Inland-Valley Swamp

IPAM - Institute of Public Administration and Management

MMA - Mines and Minerals Act

MMDA - Mines and Minerals Development Act

NMJD - Network Movement for Justice and Development

PAC - Partnership Africa Canada

SLPP - Sierra Leone People's Party

WOME - Women on Mining and Extractives

## About NMJD

Established in February 1988, the Network Movement for Justice and Development (NMJD) is a national civil society human rights and development organization that envisions a just and self-reliant society (Sierra Leone) where the marginalized and exploited are empowered and equipped with the necessary knowledge, skills, and tools to take control of their own lives. It started as a voluntary community association by former leaders of the Young Christian Students (YCSers) Movement who believed in the radical liberation theology that emerged in the 1970s and 1980s in Latin America and who were committed to the "preferential option for the poor" and the 'See, Judge, Act' Methodology of 'Training for Transformation' as well as challenging the root causes of poverty and inequality.

NMJD works towards empowering the poor and marginalized people and communities to build a free, just, and democratic society where human rights, equality, and sustainable development for the benefit of all. In addition to the Head Office in Freetown, NMJD has offices, staff and projects in Makeni, Karene, Bo, Kenema, and Kono, as well as projects, programmes, and staff in the other parts of the country.

NMJD has a wealth of experience and knowledge of the mining sector in Sierra Leone following several years of work in the sector spanning over two decades. NMJD collaborated with Partnership Africa Canada (PAC), now known as IMPACT and undertook a study in 1998/99 aimed at identifying the nexus between diamonds and the devastating 11-year civil war in Sierra Leone, which became a humanitarian tragedy of unprecedented proportion. The report of the study titled: "The Heart of the Matter: Sierra Leone, Diamonds and Human Security" was launched simultaneously in Sierra Leone,

United Kingdom, South Africa and Canada in January 2000. In order to ensure the recommendations of the report were followed up on by civil society, NMJD facilitated the formation of the "Campaign for Just Mining in Sierra Leone". This was followed by the establishment of other civil society advocacy platforms such as the Affected Property Owners Association (APOA), Women on Mining and Extractives and Association of Journalists on Mining and Extractives (AJME). This heralded the Sierra Leonean civil society's effective engagements in the natural resource sector. The framework for analysis of this social audit is therefore, largely informed by our deep knowledge of the mining sector in the country.

### **Vision**

A just and self-reliant society (Sierra Leone) where women, men, children and communities are conscientized and live in dignity without fear and discrimination, especially on grounds of sex, race, faith, socio-economic and political status.

### **Mission statement**

The Network Movement for Justice and Development is a Sierra Leonean civil society organization that engages in advocacy and strengthens/enhances the capacity of civil society organizations to effectively engage women, men, children, communities, government and other actors for the transformation of society.

## EXECUTIVE SUMMARY

This report is a product of the social audit on sub-national mining revenues transfers by mining companies to host mining communities for development purposes. It is undertaken by NMJD in collaboration with its partners. Development and Peace Caritas Canada provided both technical and financial support to the social audit process.

The objectives of the social auditing were to enhance local development by increasing the investment portfolio of mining revenues transfers to host mining communities, as well as to increase transparency and accountability of mining revenues transferred to mining communities in Sierra Leone.

- The audit was conducted in five chiefdoms in four districts across the country, including: Tankoro/Gbense and Nimikoro Chiefdoms in Kono district;
- Lower Bambara chiefdom in Kenema district;
- Mosenessie chiefdom in Moyamba district;
- Mogbemo in Bonthe district.

It covered the period 2017 to 2023, targeting five mining companies, viz:

- Koidu Limited,
- Sierra Diamonds,
- Gold Lion Mining Company Limited (Wongor Investment and Mining Corporation),
- Sierra Mineral Holdings/Vimetco
- Sierra Rutile Limited.

The audit used multiple methodologies in collecting and analyzing data, including literature review, informant interviews, focus group discussions, town hall meetings and outsourcing technical expertise. The Budget Advocacy Network (BAN), a National Non-Governmental Organization (NNGO) with a wealth of knowledge and experience in social auditing processes, was outsourced to facilitate the training of the Social Auditors and to accompany the entire process.

In between the trainings, BAN accompanied the Social Auditors to the field where they tested the audit tools that they had developed and the knowledge they gained from the training. By way of preparation also, NMJD engaged the NMA and MMR and even made a presentation of the social audit project to the Minister and senior officials of his Ministry. This was to deepen their understanding of the project and to get their buy-in. Similar engagements were also held with mining companies and the CDC Executives.

### **The following are the key findings of the social audit:**

**1.** The internal governance system of some of the CDCs is not democratic and well structured; it lacks transparency and accountability. This is clearly manifested by the challenges faced by some incoming executives as a result of the outgoing executive's failure to do proper and complete handing over. This does not only negate the tenets of transparency and accountability, but also, it inhibits the work of the affected CDCs and at the same time creates suspicion and bad blood.

2. Almost all the mining companies covered in this social audit did not comply with the 0.01% and/ 1% subnational revenues transfers to the CDCs as stipulated in the 2009 MMA and the 2022 MMDA respectively., They rather opted to pay varying amounts of their own choices, citing different reasons. For example:

- Sierra Rutile is paying to the CDC an annual bulk sum of US\$100,000 irrespective of what the company generates citing the 2002 Sierra Rutile Act;
- Koidu Limited is still paying 0.25% of its gross annual revenue instead of the 1% provided for in the 2022 MMDA citing the CDA;
- Sierra Diamonds paid an annual bulk sum of SLE1 Billion before production and export started and 0.3% after production and exported has started.

3. Mining affected communities are concerned about the lack of transparency in determining the gross annual revenues generated by each mining company from their sales. The communities are not represented where these processes are carried out and they are unaware of how it is calculated. This leads companies to shortchanging mining communities.

4. Low capacity of the CDC Executives and community members of mining affected communities in financial management, record keeping and procurement processes. as well as in monitoring and reporting on community development projects. This low capacity makes it difficult for members of the affected mining communities to keep proper books of accounts, interrogate the financial transactions of the CDCs and monitor community development projects, including procurement and contracts granted.

5. Mining communities are worried over the growing environmental destruction, including water pollution, caused by mining operations and the failure of the mining companies to restore mined out areas and mitigate the occasioning impacts, as well as the inaction of EPA and NMA towards this issue.

6. The CDC of Mosenssie has no control over the funds transferred. The mining company Sierra Minerals, operating at Mosenssie, controls and manages the finances that should be go to the CDC. The mining company conducts all financial transactions relating to the CDF - disbursing funds, preparing financial statements and remittances, and keeping all documents in their possession. Additionally, the CDC has no access to these essential financial documents.

7. The irregular or discontinuation of payments to the CDCs by mining companies, coupled by poor planning, have caused some development projects to either stall or abandoned completely. For example, at Mosenssie the 100-bed hospital project was abandoned due to lack of funds to pay the contractors, whilst a community healthcare centre and staff quarters was abandoned at Nimikoro because of theft of building materials.

8. The interaction between mining companies, CDCs and community members is marginal thereby making the flow of information ineffective. The CDCs and mining companies do not have a schedule that ensures they meet regularly and update community members about their operations and financial contributions to community development projects.

**In order to address these findings and concerns, the report recommends that:**

1. The Mining Laws should be reviewed to fully address the Community Benefits stream, ensuring enforcement of payment, transparent and accountable implementation processes and well-defined governance of the CDC.

2. The government must ensure that the CDC's capabilities and capacities are developed and are coached to enhance their project implementation skills.
3. Communities in mining affected areas should establish independent grassroots watchdog groups to monitor and track mining revenue transfers and utilization at the local level.
4. Grassroots watchdog groups demand NMA to train CDC members on financial literacy, including the skills and knowledge to understand budgets, contracts, procurements, and their legal entitlements.
5. Mining companies and CDCs implement participatory budget processes through public disclosures and allocation of funds in open forums where the community people discuss and vote on projects.
6. NMA work with affected mining communities and establish accessible and anonymous platforms for community members to report misuse of funds or substandard infrastructure.
7. CDCs hold regular town hall meetings with affected mining communities, companies and MDAs where companies and government representatives provide updates and respond to public concerns.
8. NMA make it legally binding on all CDCs to make public (disclosures) of their financial records, including the posting of their incomes and expenditure reports in public spaces, such as court barrays and village notice boards.



Abandoned Health Centre constructed from the CDAP Fund at Komoro, Nimikoro chiefdom.

# INTRODUCTION

## Country context and purpose of the report

Sierra Leone is a resource-rich country with a population of a little over eight point five million people<sup>1</sup>. Mining started in the country in 1930 following the discovery of diamonds in Kono, eastern Sierra Leone. Other minerals mined in the country include iron ore, gold, bauxite, rutile and a host of others. Sierra Leone's economy since Independence in 1961 is still dependent on mining. Despite, the abundance of its natural wealth, Sierra Leone remains poor. The national poverty rate stands at 57 percent with 10.8 percent of the population living in extreme poverty. Extreme poverty is predominant in the eastern region where most of the diamond mining takes place with 18. 1 percent of the people there unable to meet their food needs<sup>2</sup>.

## Overview of social audit as a tool for accountability

Social audit is the process through which citizens examine, evaluate and validate the extent to which governments and companies align commitments and plans with concrete actions on the ground that benefit local communities. It is a voluntary exercise that enables citizens to look into claims made by governments and companies of services delivered to local communities and the supporting budgets and resources allocated, and investigate the veracity of such claims. Social audit is not intended to undermine the efforts of a government or company by creating unnecessary obstacles on their way or damaging their image and public standing. Rather, it is intended to promote transparency

COMMITMENT: MINING COMPANIES WILL PAY 1% OF ITS GROSS-ANNUAL REVENUES TO THE HOST COMMUNITY THROUGH THE COMMUNITY DEVELOPMENT FUND (CDF)

Accountable use of subnational mining revenues transfers.

and accountability, efficiency and effectiveness in public service delivery, enhance legitimacy and credibility of a government or a company, and helps to strengthen the democratic exercise of power. Thus, in a social audit, all stakeholders, especially citizens and local community, are active participants at all levels.



Social audit meeting. Tongo Community Centre, Lower Bambara chiefdom in Kenema.

This social audit focused on working with host mining communities to investigate and evaluate the management and utilization of sub-national mining revenues transfers done by mining companies and government to the Community Development Committees (CDCs) against claims of delivery of services and development projects in the said communities. It dealt principally with the Community Development Funds (CDF). It was conducted in five chiefdoms in four districts across Sierra Leone:

- Tankoro/Gbense and Nimikoro Chiefdoms in Kono district;
- Lower Bambara chiefdom in Kenema district;
- Mosenessie & Mogbemo chiefdoms in Moyamba/Bonthe districts.

covering five mining companies with a timeframe spanning from 2017 to 2023.

## Framework for analysis: commitments vs. reality

This social audit focused on critical areas that formed the basis of the framework for analysis of the study.

- First, there is the legal regime which places a responsibility on both companies and governments to comply with the principles of Protect, Respect and Remedy as espoused in the UN Guiding Principles on Business and Human Rights, as well as other existing national laws and policies.
- Second, there are the Agreements, which each CDC signed with mining companies and which are guided by the legal regime of Sierra Leone. These Agreements informed the study about whether the companies' commitments to local communities matched what the law stipulates.
- Third, project documents of services delivered, including budgets, plans and bank statements give an indication of whether the CDCs used the monies they received from mining companies for the said projects. Further, there are related institutions such as the Ministry of Mines and Mineral Resources and National Minerals Agency who archive some of these critical documents. Cross-checking with these institutions helped to identify inconsistencies where they occurred, especially in payments made by mining companies to CDFs.

Commitment: Mining companies will pay 1% of its gross-annual revenues to the host community through the Community Development Fund (CDF).

## OVERVIEW OF LEGAL AND POLICY COMMITMENTS

The legal commitment of mining companies and government towards host mining communities is provided for in Section 143 Sub-section 4 of the Mines and Minerals Development Act 2022<sup>3</sup>. The Act requires government to protect the human rights of mining communities, and mining companies to respect local communities regarding sub-national mining revenues transfers to affected

mining communities for the purpose of community development. The Act stipulates that mining companies should pay 1 percent of its gross-annual revenues to the host community through the Community Development Fund (CDF). It is worthy to note that the intent and spirit of the law goes beyond just monies transferred by mining companies to host communities through the CDCs to support community development projects. Rather, the CDF payment, which is required of companies by law is intended to reinforce democracy, transparency and fight against corruption.

### Reality:

Companies do not pay the amounts stipulated by law. Companies pay amounts at their own discretion. The way they calculated the transfers or the arguments why they do not pay the 0.01 percent of their gross annual revenues to the communities hosting their operations are unknown and not disclosed by the companies - (See Annex 1 to see what each company is paying).

### Realities on the ground: what was transferred to each of the 5 CDCs?

#### 1. Company: The Sierra Minerals Holding Ltd. (Vimetco)

**District of operation: Mosenssie in the Moyamba/ Bonthe district.**

### Reality:

The company used to pay 0.01% of its gross-national revenue before the new MMDA 2022 law was enacted. But since the MMDA 2022 made it mandatory for companies to pay not less than 1% instead of the initial 0.01%, Sierra Minerals has not yet complied with this provision.

### Evaluation:

The company does not comply with the law.

#### 2. Company: Koidu Limited

**District of operation: Tankoro/Gbense in Kono district.**

**Reality:**

Before the new law, the company paid 0.25% of its gross annual revenue to the CDF. However, with the new law that increased the percentage transfers from 0.01% to a minimum of 1%, Koidu Limited has still not complied with this provision. The company continues to pay the 0.25%. The company's Spokesperson said they were awaiting legal advice from their lawyers in that regard.

**Evaluation:**

The company does not comply with the law. The argument of waiting for legal advice is not valid since the national law prevails over any corporate internal policy. National laws are sovereign and must be observed by any national or international company legally registered in Sierra Leone.

**3. Company: The Gold Lion Mining Company (Wongor).**

**District of operation: Nimikoro in Kono district.**

**Reality:**

The company started production and export in 2021 and began payment of 1% of its gross annual revenue to the CDF the following year in accordance with provisions of the MMDA 2022. But the CDC members and other community people are worried and concerned that they don't know how the gross-annual revenue is calculated and they are not involved in the process. So, they have to accept whatever the company pays to them, because they have no



Abandoned Quarters for nurses constructed from the CDAP Fund at Komoro, Nimikoro Chiefdom.

way to verify which is the gross annual revenue of the company.

**Evaluation:**

Even though it seems the company observes the law, it is not possible to know if the amount transferred really represents the 1% of the company's annual revenue.

**4. Company: Sierra Rutile Limited.**

**District of operation: Mombomo, Moyamba/ Bonthe district.**

**Reality:**

The company has been paying an annual lump sum of US\$100,000 into the CDF irrespective of the revenue it generates per year. Whilst the company is citing the Sierra Rutile Act as their authority for this, the CDC are still grappling with why and how this lump sum was determined in the first place.

**Evaluation:**

The company does not comply with the law.

**5. Company: Sierra Diamonds**

**District of operation: Tongo Field in Kenema district.**

**Reality:**

The company committed to pay an annual lump sum into the CDF of One Billion Leones, which at the exchange rate of NLE 9.5 to \$1 should amount to US\$105,263.15. But instead, they paid 900,000 Leones (US\$94,736.84) in 2019; 950,000 (US\$92,864.12) in 2020 and One Billion Leones (US\$88,339.22) in 2021 at the exchange rate of NLE11.32 to 1\$. The CDC does not know how this amount was determined. For 2022 and 2023, the company did not pay anything. Sierra Diamonds were paying these monies before they started full operations, when they were only in the process of recruiting staff, moving equipment and machinery and meeting communities to establish and strengthen relationships. According to the company, the payments were a goodwill gesture. But with the

outbreak of the corona virus in the country in 2020, the company halted its activities and the payment too was stopped.

**Evaluation:**

The amounts the company has been transferring into the CDF was not based on the stipulated 1% provided for in the law. This is because the company claimed they had not started production and sale of its products yet. Also, what is clearly not explainable is the reason for the cessation of payments by the company for 2022 and 20223. The outbreak of the corona virus should not be an excuse, since the company has been paying without getting income from its operations. The outbreak of the corona should, therefore, not change that situation.

See Annex 2 for a summary of the actual payment each company made to their respective CDC.

## DISCREPANCIES BETWEEN MONEY COMMITTED, DUE AND DISBURSEMENTS

Host mining communities strongly believe the law is sacrosanct and that not adhering to it is tantamount to a discrepancy in itself and this leads to undermining even the best of agreements. All the companies covered in this social audit in one way or another did not fully comply with provisions of the law with regards sub-national revenues transfers, and instead did things their own ways to the disadvantage of the affected communities. Here are the results of the social audit in this regard:

### 1. Koidu Limited operating in Tankoro/Gbense.

The company opted to pay 0.25% of its gross annual revenue to the Tankoro CDF, a little more than the 0.01% the 2009 Mines and

Minerals Act stipulated. But it has so far refused to pay the 1% stipulated in the 2022 MMDA after its enactment, and instead continues to pay the 0.25%.

**Evaluation:**

The company does not comply with the law.

### 2. Sierra Diamonds operating in Tongo.

Sierra Diamonds committed to pay an annual fixed bulk amount of SLE1 Billion (US\$105,263.15) to the Tongo CDC since they said they had not started production yet, they were only in the process of recruiting staff, moving logistics and building relationships with the affected communities. They further committed to pay a minimum of 0.3% of its annual income after they start production and sale of its products, even though the law stipulated 1%, but they deviated from these commitments. In fact, what they paid in 2019, 2020 and 2021 was below what they committed. According to the Public Relations Officer of the company, Mr James Balema Kugbamahei, the monies the company paid was just a "goodwill" gesture. However, the transfer was not extended to 2022 and 2023, as the company made no payments to the CDC for this period.

**Evaluation:**

The company does not comply with the law.

### 3. Sierra Rutile Limited, operating in Mogbemo.

The company also discarded the extant law and instead opted to pay into the CDF the bulk sum of US\$100,000 annually irrespective of the volume of revenue the company generates. According to the company, this is in line with the Sierra Rutile Act of 2002, which should now have been rendered ultra vires by the enactment of the new MMDA 2022. Apparently, the company

ALL THE COMPANIES COVERED IN THIS SOCIAL AUDIT DID NOT FULLY COMPLY WITH PROVISIONS.

is exploiting to their own advantage the failure of the new law to have an expressed clause that subject all existing lease agreements to conform with the minimum 1% provided for in the MMDA 2022.

**Evaluation:**

The company does not comply with the law.

**4. Sierra Mineral Holdings/Vimetco) operating in Mosenssie.**

The company was paying 1% of its gross annual revenue into the Mosenssie CDF (higher than the minimum 0.01% provided for in the 2009 MMA) since they signed the CDA in 2017. According to the company, they were paying the 1% in order to support agricultural development initiatives in the Mosenssie community. The CDC launched several community development projects with these funds. However, since the enactment of the 2022 MMDA, which makes the minimum 1% legal and mandatory, the company has ceased making payments to the CDF, citing poor business performance.

**Evaluation:**

The company partially does not comply with the law.

**5. The Gold Lion Mining Company (Wongor Investment) operating in Nimikoro.**

Though committed to be paying 1% of its gross annual revenue into the Nimikoro CDF, they failed to live up to their commitment; in fact, they started making payment to the CDF only in 2021 even though the CDA was signed in 2019. Even at that, the 2021 payment was made only in September 2022; and the 2022 payment in June 2023, whilst the 2023 payment has yet not been made.

**Evaluation:**

The company does not comply with the law.

**Overall disbursement evaluation summary**

The correctness of what companies pay to the

CDCs in relation to what they generate largely depends on who and how the gross annual revenue of each company is calculated. If the calculations present a mis-match between what is reported and what the actuals are, then it becomes highly likely that host mining communities stand to lose. According to the CDCs, they have no knowledge of how the gross annual revenues of mining companies is calculated/determined and they have no access to documents to cross-validate what the companies reported/documentated.

## GAPS AND DEFICIENCIES

### Infrastructure, and services

Right from the outset, the influence of the community members on the management and utilization of subnational revenues transfers in the affected mining communities is very marginal, due largely to low representation of the CDCs in decision-making. In some communities, companies take decisions that suit their purpose without due consultations with the mining affected communities, and invariably their concerns and aspirations are usually not taken onboard those decisions and subsequent actions.

**District: Kenema District**

**CDC: Tongo CDC**

**Company: Sierra Diamonds**

**Reality:**

The company conducted needs assessments with the affected mining communities and the communities identified the construction of two schools in Lowoma and Talawa communities as felt needs. As a result, the company constructed the United Methodist Primary School in Talama and Every Nation Academy Secondary in Lowoma. However, the company went ahead and constructed another school (United Muslim Agency at Landoma, even though no needs assessment was conducted in

that community and no one in the community was consulted prior to the construction of this school. According to woman activist of the civil society advocacy group, Women on Mining and Extractives (WoME), when they enquired as to how and why the school was constructed in that community, she said the Proprietor of the school (United Muslim Agency), Alhaji Gormo, said they lobbied the CDC executive to have the school constructed there. This is a government-assisted public school run by a Muslim agency as the proprietor. At a community meeting held at the Tongo Community Centre on Wednesday 4th December 2024, the community disclosed that their felt need was gravity water wells and that they communicated this clearly to the company, but the company and the CDC did not take that claim into consideration. It is worth noting that both the company and the CDC did not disclose to the community how much money was spent in the implementation of each of these projects.

Meanwhile, the company supported IVS rice cultivation targeting 35 farmers drawn from 7 communities; they gave each farmer food for work comprising SLE500 for those given two bushels of husk rice and SLE750 for those given three bushels of husk rice. There were no consultations with the affected communities and the whole scheme eventually ran into several problems:

- First, the seeds the company supplied were not viable;
- Second, the company said this undertaken was meant to support vulnerable farmers, but it turned out that only those who were close to the CDC members were supported;
- Third, even though the company said it was going to be a revolving loan scheme, it was discontinued immediately after the first batch of beneficiaries paid back their loans.

### **Evaluation:**

The company and the CDC have dismissed the real needs of the community. The company abused the community by forcing them to accept the condition of work to receive the money that by law the CDC is entitled to have (e.g. food-for-work). Also, the company is managing the funds when it is the CDC that should be the only manager of the funds. The CDC's behaviour has created community conflicts and increased the lack of transparency in the district.

### **District: Kono District**

### **CDC: Nimikoro CDC**

### **Company: The Gold Lion Mining Company (Wongor)**

### **Reality:**

The company made a commitment of paying the 1% of its annual sales as per law. This payment should have started in 2019 when the CDA was signed, but they only started paying two years later in 2021 after it has commenced production. The money they are paying has been used by the CDC to construct a primary school at Titambaya (fully completed), and a multi-purpose Women's Centre at Njagbwema (nearing completion). These projects were identified by the affected communities as felt needs following a community needs assessment undertaken by the CDC. However, the costs for each of these projects and even how much has already been spent in each of the unfinished projects are not disclosed by the CDC or the company. Meanwhile, the affected communities are still concerned that the company made commitments, which they have so far not fulfilled, nor are they talking about these commitments now, viz:

- Following the EIA, the company developed the Community Environmental Development Action Plan aimed at mitigating environmental problems arising from its operations. A comprehensive budget was developed to support the

CEDAP (See Annex 3). But though the host community is now suffering serious environmental damage, including water pollution, the company has done nothing towards it.

- The company committed to provide VIP toilets and boreholes to Komoro, Tambaya and Baoma communities, they have still not done so yet and they are not even discussing it with the affected communities.

Also, according to the community members, monies were taken from the amount put aside by the company to support the implementation of the Community and Environmental Development Action Plan<sup>4</sup> (CEDAP) and undertake the construction of a health centre and staff quarters at Komoro. The construction was nearing completion, when the contractor brought assorted building materials and kept them in the store. These materials were stolen and since then, the buildings have been abandoned with neither the CDC Executive, the company nor the contractor is saying anything about them.

Other uncompleted projects include:

- The Gboboafeh Women's Multi-Purpose Centre at Njagbwema Town and;
- The Community Health Centre and staff quarters at Komoro.

At the validation meeting of the social audit report held at the Futingaya Community Centre on Tuesday 14th May 2024, the affected communities also expressed concerns over the failure of the company to explain to them about why and how the company's name has changed. Initially, it was Wongor Investment and Mining Corporation Limited and now it is Gold Lion Mining Company. Technically, the affected communities through the CDC signed an agreement with Wongor and not Gold Lion. According to the CDC Chairman, Mr Augustine K. Mattia, the company's Liaison Officer has been ineffective in engaging the affected communities and creating a platform to discuss

all of these pertinent and critical issues.

#### **Evaluation:**

The company has undermined the authority and role of the CDC. Company and CDC's, behavior has created community conflicts and increased the lack of transparency in the district.

#### **District: Kono District**

#### **CDC: Tankoro/Gbense CDC**

#### **Company: Koidu Limited**

#### **Reality:**

The subnational revenues transfers made by Koidu Limited have been used by the CDC to construct the Thomas Saquee Hall in Koidu (completed and in use), converted the Cold Storage Building in Koaquyima into a Resource Centre, and constructed the Native Administration Office at Gbense Ngbombu Street, as well as 17 additional classrooms with WASH facilities, a Principal Office and staff quarters in Yardu, Moyima, and Koaquyima communities respectively, whilst the road linking the three villages of Tankoro, Whofe, and Njahma was also constructed. The CDC and the company failed to disclose the cost of each of these projects and the community has no access to documents where they can verify.

However, at an open meeting of affected communities held at Benghazi in Tankoro on Wednesday 4th December 2024, the people disclosed that what the company through the CDC provided were not felt needs for them e.g.:

- The Thomas Saquee Hall
- The conversion of the Old Cold Storage Building into a Resource Centre (named after a famous local politician called Fillie-Faboe).

According to the Chairman of APOA, Mr Solomon Sam, the felt needs of the resettlement communities include:

- Safe drinking water,

- Micro-credit for women engaged in petty trading,
- Community markets.
- Transportation to ease difficulties of people moving from the resettlement to the commercial business centre of Koidu city and community barracks.

But none of this was considered by the CDC or the company.

The affected resettlement communities further disclosed that the company made several commitments to them, which still remained unfulfilled. They include the following:

1. Provision of cash/seed money to the affected persons who will be relocated as start-up kits.
2. People who are relocated will be given the same land size/lots in their new settlements. It didn't happen. For example, those with five town lots were only given two town lots.
3. Provision of house plans for each house owner to legitimize ownership of their houses. This is not done.
4. Provision of safe drinking water at the ratio of 10 households to 1 hand dug water well. But what they provide is 20/30 households to 1 hand dug water well. The pressure, which this put on the few available water wells led to frequent damages and eventually water shortages and its attendant water-borne diseases.
5. Provision of a bus/transport service to ease the burden on the resettlement communities, especially school-going children. It's still not fulfilled.
6. Erect a fence around the Meya River opposite the resettlement to prevent children from accessing/straying to the river and from drowning. Nothing is done about it.

#### **Evaluation:**

The company and the CDC have dismissed the real needs of the community. The CDC's behavior has created community conflicts and increased the lack of transparency in the district.

#### **District: Moyamba District**

#### **CDC: Mosenssie CDC**

#### **Company: Sierra Mineral/Vimetco**

#### **Reality:**

The company committed to pay 1% of its annual sales into the CDF. But the amounts they have been paying drop every year and from the beginning they haven't reached the 1% yet. This means that what they paid last year was lower than what they paid the year before last; and what they pay this year is also lower than what they paid last year (See Annex 2). According to the civil society representative to the CDC, Mr Sylvester Bob Carter, it is difficult for the CDC executive or the community members to ascertain the correctness of the varying amounts the company pay every year because they cannot access records of their annual sales.

However, though the payments were irregular, the CDC's executive used the money to undertake several development projects identified through community needs assessments. They include:

- The construction of a 100- bed hospital in Golala, Upper Banta chiefdom (incomplete); Provision of 48 commercial motorbikes for youth in the five affected mining communities in the chiefdom. The selection of the beneficiaries of the motorbikes was largely done by the Bike Riders Association (BRA) in each of the targeted communities. The CDC and the company have less involvement in the process. But so far, there have not yet been protests by members of the BRAs.
- Supported one woman in Manoma village, Bumpeh Ngao chiefdom, to embark on bee keeping.

Other projects undertaken by the CDC are the construction of the United Brethren Church (UBC) Primary School at Kangama, Khahekay in Imperi Chiefdom, and the rehabilitation of the BoiTia Primary School in Moriba town, Imperi Chiefdom. The CDC did not disclose the costs of

the two projects to the community and to the Social Auditors as well. Also, the community said the company provided scholarships to continuing students pursuing different courses in different institutions of higher learning across the country. However, the CDC Chairman, Mr Sylvanus Nabieu, told the Social Auditors that what the company is providing is "Educational Support" and not scholarships. According to him, a scholarship requires the payment of tuition in full, payment of other bills and making such payments are made directly into the institution's accounts. But what they are doing is providing beneficiary students with a bulk amount of money to assist them, whilst the remaining costs are taken care of by the students themselves. For example, students pursuing degree courses are provided with SLE4,000 (US\$167) per student per annum, even though the cost of the fees is SLE7000 (US\$291) per student per annum. Other students not pursuing degree courses are provided with lesser amounts.

All educational support goes directly to the beneficiary students themselves and not to their institutions. According to a screened document obtained by the Social Auditors titled: 2023/24 Academic Year Continuing Beneficiaries & New Applicants for Dasse Chiefdom, 139 students are presently beneficiaries of this educational support. New beneficiaries have not been identified yet because the CDC does not have enough resources to service any new intake (See annex 4).

According to the CDC Chairman, an ambulance was bought to provide essential services to the three sections of Wongofor, Foya Tewai and Taninahun Kapuina in Imperi Chiefdom. It was placed at the care of the Paramount Chief who also doubles as the Member of Parliament representing Moyamba District on behalf of and for the use of these communities. It is reported that all the three communities do not have access to the ambulance, so it is not benefitting them. Further, the CDC built a six-room guest house at Dasse Mano and handed it over to the community to

manage it. According to the CDC Chairman, they have not made any conscious assessment yet to find out how the guest house is run and whether it is achieving the objectives for which it was constructed. The costs involved in constructing the guest house was not disclosed to the Social Auditors.

At a community meeting held on Saturday 1st June 2024 at Mosenessie, the community members said that Sierra Minerals/Vimetco in 2023, instead of paying the 1% they had committed to pay, the company negotiated with the CDC Executive and instead paid only US\$335,163 into the CDF, promising to pay the difference in tranches. They have still not done so yet. However, the community members were also concerned about the large number of development projects that were yet to be completed and use, compounded by the failure of both the CDC Executive and the company to engage the community members on how these projects will be completed.

**Evaluation:**

The company and the CDC have not fully engaged with the community. Local Authorities interfere into the resource utilization with no accountability. CDC's behaviour has created favouritism and increase the risk of community conflicts in the district.

**District: Bonthe District**

**Mogbemo CDC**

**CDC:**

**Company: Sierra Rutile**

**Reality:**

Community needs assessments are always conducted before development projects are undertaken. According to the Section Youth Leader<sup>5</sup>, Mr Vandy Caulker Babou, the needs assessments were followed by scale of preference rankings to further identify community priorities. The CDC Executive undertook the following development projects:

- Construction of a primary school and the rehabilitation of a primary healthcare centre with staff quarters;
- Youth resource centre (uncompleted); cash support to the tune of SLE150 Million (US\$6,224) to 163 community teachers;
- The provision of 42 commercial motorbikes for the BKU in Sembehun, Bagrua chiefdom. The selection process was open and transparent and it was done by members of the Bike Riders Union (BRU) themselves in each of the beneficiary communities. The selection process, according to the community, is influenced by the rider's commitment to the ideals of the BRU, compliance level of the rider with the Union's bylaws, integrity and reliability, and operational communities.

#### **Evaluation:**

The youth centre at Magbemo has still not been completed yet for lack of funds. During the construction, local expertise and local materials were used and the contractor paid for everything the community members provided.

## **OVERALL GAPS**

### **Cost matching and poor quality of delivered infrastructure not felt needs of communities**

This is one of the difficult aspects of the social audit i.e. getting community members to evaluate and validate the structural quality of the community infrastructures the companies through the CDCs delivered to their respective communities in relation to the costs involved. This is due to the fact that all financial documents relating to these infrastructures, including costs, budgets, bidding processes and contract agreements were not made public and the community members have not had access to such documents. In some communities such as Mosenessie, even the CDCs were not privy to such vital documents. Everything was in the hands of the company.

What is very clear, though, is that some of these infrastructures were not felt needs to the communities where they are sited, and therefore, they are irrelevant and of no value to these communities.

### **Lack of transparency in CDCs funds management**

The management and utilization of the subnational revenue transfers to the affected mining communities where this social audit was conducted is shrouded in secrecy and it therefore lacks transparency and accountability. This makes it impossible for the community members to validate the figures given to them by the companies as statutory mining revenues transfers. This is very important because what companies pay depends on the revenues they generate through annual sales. However, if the host mining communities do not ascertain the correctness of these figures, then they can go for anything. In these kinds of situations, the communities stand to lose.

#### **District: Moyamba District**

#### **Mosenessie Chiefdom**

#### **Report:**

At the Town Hall meeting held at the CDC Complex at Mosenessie on Saturday 1st June 2024, the affected mining communities and the CDC Executive bemoaned the lack of transparency and accountability in the management and utilization of the CDF. According to them, it is the company (Sierra Minerals) that controls the finances, undertakes all financial transactions on their own without recourse to the CDC and keeps financial documents in their custody. The CDC Executive and the community members are not privy to anything, including costs, award of contracts, contract agreements and payment schedules. This is inconsistent with the purpose for which the CDCs were established in the first place. In another related development, the company shut down its operations since May 2024, and up to today, they have not engaged the



Abandoned 100-bed hospital building in Mosenessie.

community to tell them why operations were shut down, and how financial commitments already made will be met or projects already abandoned will be completed. This is a clear example of a lack of accountability and even respect for the host mining communities.

### **District: Kenema District**

#### **Tongo, Lower Bambara Chiefdom**

##### **Report:**

In this district, the Section Chief of Nyawa, Chief Lahai Samuka Konuwa, raised concerns about the non-transparency and accountability of the CDC Executive in the management and utilization of the CDF. At the meeting of community members held at the Tongo Field Community Centre on Wednesday 4th December 2024, the affected communities disclosed that the CDC Executive did not publish the total amount of money involved in the construction of schools, agriculture and micro-credit projects, which they delivered to the community. They further raised concerns of deception by the CDC Executive. Though the

CDC Executive informed the community members that the support to the IVS rice cultivation would be on a revolving loan basis so that more needy farmers would benefit, the scheme was abruptly discontinued immediately after the first set of 35 farmers had paid back their loans. Likewise, the micro-credit was said to be meant to help the most vulnerable women in the community, but it ended up benefitting only those who are close to the Executive members.

The CDC Executive did not even see it necessary to engage the community members and discuss these issues with them.

### **District: Kono district**

#### **Tankoro/Gbense Chiefdoms**

##### **Report:**

Concerns about the lack of transparency and accountability in the management and utilization of the CDF by the CDC Executive were also voiced out strongly in Tankoro/Gbense during the community meeting held at the Benghazi Resettlement on Wednesday 4th December 2024. According to the participants at the meeting, they are not aware of any meeting ever convened by the CDC Executive to disclose to community members details of transfers made into the CDF by the mining company, as well as the specific amounts of monies spent on the various development projects undertaken by the CDC Executive and how the community needs were identified. There are no clearly defined mechanisms in place to involve community members in these processes. Community members are not involved in recruiting/hiring contractors to provide works, services and goods with prices and costs only negotiated

THE COMMUNITY MEMBERS HAVE NOT HAD ACCESS TO FINANCIAL DOCUMENTS RELATING TO INFRASTRUCTURES.

with the CDC Executive.



Unfinished Gbogbafeh Women's Multi-purpose Complex in Njagbwema.

### **District: Kono District**

#### **Nimikoro Chiefdom**

#### **Report:**

In this district, the situation is different from the other affected mining communities. Here, the CDC Executive is engaging community members in open-door meetings to make critical decisions bordering on the use of the mining revenues transfers for development purposes. According to the community members, the opening of bids for contractors was done at the Njagbwema Community Barry where everybody was invited, including the Development and Planning Officer of the Kono District Council and other stakeholders in the district. One of the community members told our Social Auditors that, though many of them did not have the technical know-how to participate effectively in the bid opening process, but they were able to witness the process and saw each set of bid documents as they were openly displayed for everybody to see and ask questions or seek clarifications. At the end of the process, the vendor who was believed to be the most qualified was awarded the contract. Another open-door orientation community meeting was held for the CDC



Uncompleted Youth Centre in Mogbemo awaiting funds for completion.

Executive to inform the community members about the commencement of the construction work, costs of the projects, payment schedules, duration of the projects and what should be the role of community members in the implementation of the projects. The Chairman of the CDC, Mr Augustine Mattia is a retired civil society and social justice activist.

However, the community members are concerned about the lack of transparency and accountability of the company:

1. There is no clarity on the annual sales of the company from which the 1% is calculated. According to them, they have asked the CDC Executive several times whether they have an idea about the gross annual turnover of the company, but they always say "No idea" about it.

2. The company failed and up till to date refused to tell community members or the CDC Executive the rationale for the change of the name of the company from "Wongor Investment Mining Corporation Limited" to "Gold Lion Mining Company". The community members are confused and do not know the relationship between the two companies/names.

3. The EPA has been silent even though the operations of the company are causing devastating consequences to the environment and people's livelihoods. The streams, which provide clean drinking water for local communities have been

polluted and poisoned, thereby also affecting aquatic life.

### **District: Bonthe District**

#### **Mogbemo Chiefdom**

#### **Report:**

In this district, the community members said they are satisfied with the level of transparency and accountability displayed by the CDC Executive, headed by Pastor Rogers. They said the CDC Executive did not only convene public meetings to inform community members about projects each time the company transfers revenues into the CDF, but also, it writes the figures paid and the costs of projects on pieces of paper and shares them with each of the participants to such meetings and other community stakeholders. According to them, the CDC Executive is doing this so that those who cannot read or write can take these papers home and ask who they trust to read and explain/interpret



District office of the Sierra Leone People's Party (SLPP) being constructed by the Koidu Limited Mining Company. Kono district.

the figures to them. In addition, they said the CDC Executive always display on their Notice Board the costs involved in each project they undertake for the public to see, as well as publishing this information on the local radio station.

## **ACCOUNTABILITY FAILURES AND ENABLING BEHAVIOR BY THE CDCs**

### **The role of government officials: oversight or complicity?**

According to Section 4 subsection 2 of the Mines and Minerals Development Act 2023, "The Minister<sup>6</sup> shall, in the public interest, ensure that the mineral resources of Sierra Leone are exploited in an effective, efficient, sustainable, and transparent manner". In the same vein, the National Minerals Agency was established to manage the affairs of the minerals sector in a "fair, predictable and transparent..." manner, including monitoring and ensuring compliance with the laws of the country; whilst the Environmental Protection Agency, established by the EPA Act of 2008 as amended in 2010, is responsible to protect the people and the environment and effectively manage the resources of Sierra Leone.

The authority and responsibility, which the MMDA 2023 places on the Minister of Mines and Minerals Resources, is further manifested by the fact that the Minister should approve all Community Development Agreements that mining companies sign with host mining communities. It is clear from the foregoing that the legal framework provides strong guarantees aimed at ensuring that mining communities derive maximum benefits from their mineral resources and that their rights are sufficiently protected and respected by mining companies. Where this is not the case, the appropriate government agencies must evoke the relevant laws to make sure it happens.

THE COMMUNITY MEMBERS ALSO NOTED THAT SOME OF THE PROJECTS UNDERTAKEN BY MINING COMPANIES ARE FIRST AND FOREMOST MEANT TO REWARD/APPEASE KEY STAKEHOLDERS IN THE HOST MINING COMMUNITIES WHO HAD PLAYED KEY ROLES IN PAVING THE WAY FOR THE COMPANIES TO COME IN AND START OPERATIONS.

The question is, are these government agencies performing their legitimate duties of monitoring, oversight and enforcing compliance? Based on information shared by mining community members and some CDC Executives, the answer is No. They are not. Rather, their conspicuous, and sometimes suspicious, silence over the failures of the mining companies to meet their commitments towards mining communities smacks of neglect of responsibility and complicity. It is worthy to note the following:

- 1.** The NMA intervened in the Tankoro CDC handing over impasse, but they are not as interested in intervening in other breaches taking place across the mining communities involving mining companies. Even in Tankoro, where they intervened, the problem was not resolved, as only partial handing over was done by the outgone executive whose chairperson resides outside the affected mining community in contravention of the extant policies.
- 2.** The mining companies are reluctant/refusing to hold public disclosure meetings to tell the



Tankoro CDC Secretariat and office of the Paramount Chief of Tankoro Chiefdom. Constructed by the CDC with funds from Koidu Limited mining company.

community members with evidence of what they generate annually and how much of it is transferred to the CDF. This is inconsistent with the law and there are laid down penalties, but the NMA is yet to evoke the relevant provisions of the law and deliver justice to the affected communities.

- 3.** Local communities are degraded by the operations of mining companies with mined out pits left uncovered, sources of water polluted and community livelihoods destroyed. Even in



Thomas Saquee Hall constructed by Tankoro CDC.

Nimikoro where the company developed a comprehensive CEDAP and a corresponding budget, nothing is done to mitigate the negative impacts of the company's operations on the people. The EPA has a statutory responsibility to protect the affected communities, but they opted not to do anything about this.

**4.** Right across the CDCs and community members, concerns are raised over the failure of mining companies to make community members privy to relevant documents that will enable them validate the sales records of these companies, and also be a part of the calculation of the percentage of their annual revenues they have committed to pay into the CDF. Under this circumstance, it is highly likely that the mining companies are benefitting at the loss of the affected mining communities. Again, the government agencies that are to take firm action and reverse these trends, remain quiet.

**5.** At Mosenessie, the CDC has no hand in the management and utilization of the CDF. The company, Sierra Minerals, which pays the money into the CDF also controls everything. Though, this is legally and morally wrong, the relevant government agencies who are to act and stop this practice appear to see nothing wrong in it and therefore, they do nothing about it.

**6.** Finally, laws are meant to be implemented, otherwise there should be no need to invest so much in enacting laws only to be discarded by those who are supposed to comply with them or enforce compliance. If the law says mining companies are to pay a minimum of 1% of their annual revenues to the CDF, government through its established agencies must enforce the law. However, rather than enforcing the law, companies are given the liberty to make their own commitments of what they want to pay, in which currency and how the payment is done. The people are worried and concerned, but they have little authority to take the necessary action because they are not a direct

party to the Agreements the government and the companies signed. Besides, both the state security forces and the judiciary are always gravitating towards siding with the mining companies. This is evidenced by the fact that in the past, peaceful protesters have been shot and killed, or locked up for long periods, whilst APOA who decided to seek redress in the courts against the alleged excesses of Koidu Limited have been subjected to all sorts of frustrations all these years. The matter itself is not progressing.

### **Mining companies: deceiving tactics and image washing**

It is no denying the fact that mining companies are making some contributions to the host mining communities. However, according to members of the mining communities, the public relations hype of these companies around their contributions does not match what they are really investing on the ground and its impacts on the affected local communities.

When it comes to the public relations aspect of mining companies, it does not just become the responsibility of those they recruit to perform the task, but also it is the responsibility of critical stakeholders who always take it upon themselves to perform these duties for the companies as well. Many a time, the entry of mining companies into communities is heralded by the visits of high-ranking personalities such as Paramount Chiefs, Members of Parliament and Ministers who would come first and assure the community members about the "development portfolio" the company would bring into the communities. The interesting thing about this is the fact that those who are doing this PR job are not even aware of the development plans of the companies and are not even concerned about whether these commitments they are making are fulfilled or not.

The community members also noted that some of the projects undertaken by mining companies are first and foremost meant to reward/appease key stakeholders in the host mining communities who had played key roles

in paving the way for the companies to come in and start operations. They evidenced this on the several projects that mining companies undertake in affected communities that are not the felt needs of those communities. A school was constructed in Tongo Field under the United Muslim Agency Mission that was not the felt need of the community; a multi-purpose hall and a CDC edifice is constructed in Tankoro by the CDC and discarding what the community members identified as felt needs; and a similar approach was deployed in other communities where this social audit was conducted. In fact, in Tankoro/Gbense, the company (Koidu Limited) invested a lot of money in developing a swamp (backfilling it) at the centre of the district headquarter town to construct a multi-purpose office for government with the construction work already far advanced. Also, the company used to provide scholarships to worthy students within its mining affected communities to the tune of US\$40,000 annually. However, the government has

stopped this scheme and instead asked that the money be now channeled through the national scholarship poll where the affected communities will no longer have a say in identifying who gets the scholarship and who does not. Though, some of these projects have little direct benefits to the community members, the companies calculate them as their support to the affected mining communities where they operate and stage big media activities around them.

In Mogbemo, the Sierra Rutile Company always threatens to shut down operations and leave the country each time the affected mining communities and staff of the company want to embark on actions to get the company to fulfil its commitments either to the community or the staff. Cognizant of the monumental loss a closure of the company will bring in terms of taxes, employment and PAYE, the government always moves in swiftly and negotiates more

The tailings at the Kimberlite Pipe mining site in Koidu. The picture shows the imminent danger that awaits the nearby houses.



favourable terms with the company with little or no reference to the concerns of the workers. This is seen by the community members as a ploy by the company to deny them of their entitlements.

Additionally, several important projects have been abandoned or work stalled at different stages of construction with some nearing completion and others at advanced stages. These projects include but not limited to: the 100-bed hospital at Mosenessie, the community healthcare centre and staff quarters at Nimikoro, the Gbogboafeh Women's Multi-Purpose Complex whose construction work is moving at a snail's pace, and the youth centre at Mogbemo, as well as the discontinuation of the micro-credit for vulnerable women and support to IVS farmers in Tongo. Also, in Nimikoro, the company made a huge budget to undertake activities such as provision of portable water, upgrade and maintenance of community feeder roads, and community health initiatives (See Annex 3). All of these have been costed and documented by the company as part of their support towards the development of affected mining communities. It is clear, therefore that, the development impact on the ground is not commensurate with the level of support the companies are documenting.

## COMMUNITY FEEDBACK ON GOVERNANCE PRACTICES

Across the affected mining communities, the feedback of community members with regards the governance practices of the companies and the CDCs is pointing to the same direction i.e. the community members who suffer most from the activities of mining companies have little or no influence in decision-making.

According to them, they are only on the receiving end of the communication, stressing that even the so-called consultations in which they participate, their concerns and interests are not taken onboard. For example, one of the



Social auditor, meeting with community stakeholders of Nimikoro chiefdom at Njagbema.

women activists in Mosenessie, of a local women's organization, said the CDC Procurement Officer was doing things his own way despite the consultations he was having with them. She said even though there are active women's organizations in the community, he opted to hire only those women who are close to him to undertake the catering for all the projects. They attributed this partly to the composition of the CDCs, which is mainly statutory. As a result, the responsibility to appoint who should be a member of the CDCs is removed from community members and given to the concerned statutory bodies such as PCs, land owners, youth and women's organizations. Moreover, the capacity and knowledge of community members of critical emerging issues in the mining sector is low and therefore they cannot engage in constructive and effective dialogue with neither the company nor the CDCs.

Also, the community members said the inclusion of the high-profile personalities into the CDCs such as PCs, Ministry representatives and MPs in numbers limit their scope of participation and contributions during community meetings. This is because these high-profile personalities are not only respected, but they are also feared by their people, sometimes for fear of reprisals. The community members further disclosed that going by their utterances, actions and inactions, it is clear they are not on the side of the suffering communities, but on that of the companies and government. The PCs are always unequivocal in threateningly telling their people that "as PCs, we support the

government of the day" and no matter what decision the government takes and how that decision is affecting the people, the PCs are in uncritical support. In fact, in some communities, PCs are signatories to the CDC bank accounts. In Tongo, for instance, the Chairman of the CDC is the acting Section Chief of Nyawa.

The management of the CDF is characterized by lack of openness and

management of the CDFs is the fact that the companies remain to be the principal signatories to the CDC accounts.

## IMPACT ON COMMUNITIES

### Socioeconomic consequences of unmet commitments



Community meeting during Futinganya social audit.

accountability. Even those CDFs that are solely managed by the CDCs, they are not any better. Except for Nimikoro and Mogbemo where the community members said the CDCs there hold public disclosure meetings each time monies are transferred into their respective CDFs for the attention and knowledge of the affected communities. Others are not sharing such information with the general public. They described the situation as "information hoarding", meaning both the companies and some of the CDCs only release information that they want the community members to know and not what the community members ought to know. Another disturbing aspect in the

The socioeconomic consequences of unmet commitments and uncompleted projects to local communities are immense. In Tankoro, Koidu Limited committed to provide clean and safe drinking water, cash/seed money for the affected persons who will be relocated as a startup kits, and house plans will be provided for each house owner to legitimise ownership, and those people that are relocated will be given the same plots of land. Whilst Lion Gold (Wongor) in Nimikoro committed to provide portable water, upgrade and maintenance of feeder roads, VIP toilets and boreholes to the community healthcare centre and staff quarters at Komoro. None of these commitments was met.

If these commitments were met and the intended projects were implemented, the affected communities would have benefitted economically. There are artisans in these communities such as carpenters, masons and painters who would have been hired to perform the related jobs; even those unskilled could also be hired to provide unskilled labour on the project sites. This could have directly and indirectly increased the revenues of at least 30% of the population of the affected communities and increased their purchasing power. Invariably, this will increase the participation of girls and young women, in petty trading, especially locally-made food such as akara, pap, acheke, cookery and local produce like bananas, pineapple, oranges and cucumbers. The local economy would have become buoyant.

On the other hand, more people from outside the community who have specialized skills that are not readily available locally might have also come in with their different cultures and behaviours. Some of them will not respect the tenets of the local community in terms of cultural practices and beliefs, sometimes leading to anti-social and immoral activities. This had led to clashes. Yes, the economy will boom, but at a price of some sort. However, with the unmet commitments, the hopes and happiness of the affected communities have been stolen away from them.

### **Environmental and social costs of neglected commitments**

There are several unfinished projects in some of the mining communities where this audit was conducted due largely to neglected commitments by the mining companies. The sites of some of these abandoned projects have become an eyesore with grass outgrowing these structures. Some of these sites such as the abandoned 100-bed hospital at Mosenessie are very expansive, covering large areas. With grass growing all over the place, these sites have become the perfect place for dangerous snakes and other reptiles, and a death trap for



KOIDU IN KONO DISTRICT. OVERGROWING PILE OF TAILINGS PRODUCED BY THE OPERATIONS OF KOIDU LIMITED. SWAMPS AND FARMLANDS HAVE ALSO BEEN DESTROYED IN THE PROCESS.

the community members, especially children. According to the community members, some thieves are using them as hiding places. Children too are entering these sites to collect balls and other playing materials that stray into these places whilst playing nearby. Though there has been no incident of snakes biting

anybody yet in the affected communities, the continued neglect of these abandoned sites poses very serious environmental and health challenges to the community members.

## **CALL TO ACTION: RECOMMENDATIONS FOR CHANGE**

To bring about positive changes to the management and utilization of subnational mining revenues transfers and to promote transparency and accountability, as well as increase community benefits, NMJD recommend that:

- 1.** Review of the Mines and Minerals Act 2023, Mines and Minerals Development Regulation 2023, to fully capture the full extent of the Community Development Fund, its governance, implementation, accountability and related matters that provide for the sustainable development of affected host communities.
- 2.** There should be a redefinition of the roles and responsibilities of all relevant stakeholders e.g. Mining Companies, National Minerals Agency, Ministry of Mines and Mineral Resources, Local Authorities (Paramount Chiefs, Councils etc.), EPA, etc. to provide for the effective and efficient implementation of the CDF and operation of the CDC for the benefit of the communities.
- 3.** Mining companies and CDCs implement participatory budget processes through public disclosures and allocation of funds in open forums where the community people discuss and vote on projects.
- 4.** NMA work with CSOs to help affected mining communities and establish accessible and anonymous platforms for community members to report misuse of funds or substandard infrastructure.
- 5.** CDCs hold regular town hall meetings with affected mining communities, companies and MDAs where companies and government representatives provide updates and respond to public concerns.
- 6.** NMA make it legally binding on all CDCs to make public (disclosure) their financial records, including posting of their incomes and

expenditure reports in public spaces, such as village notice boards and announce in community radios

- 7.** CDCs to be reconstituted with revised mandate to put affected community people in control, management and implementation of CDF. Political leaders and government authorities should be given other roles to play in the community. Let the affected community people elect their leadership (CDC) and take charge of their development processes.

Capacity building should be promoted for the CDCs and relevant stakeholders and communities regarding their roles and responsibilities, accountability, transparency and community development approaches that leads to community benefits and sustainability.

## CONCLUSION

We would have deluded ourselves if we had believed that the governance system of the subnational mining revenues transfers to host mining communities in Sierra Leone was great and devoid of challenges. NMJD's several years of active advocacy work on the mining sector and our everyday interactions with mining community members made us believe there are challenges in the governance architecture of mining revenues transfers and that affected mining communities are on the losing end of this bad governance system.

The findings of this social audit do not, therefore, come as a big surprise. However, the depth and scope of the challenges bordering on lack of transparency and accountability across all the major players in the sector, including the CDCs, and the prolonged conspicuous inaction of critical duty bearers, including the relevant state agencies, is not only disturbing, but also it is saddening. This is because there are state institutions, which are established by law to protect affected mining communities, as well as to promote and enforce transparency and accountability in the operations of mining companies. The failure of these institutions to perform these responsibilities and rather lamely watch mining companies breach extant laws and policies is tantamount to an abrogation of responsibilities.

Moreover, the establishment of the CDCs was mainly meant to create a balance of power by giving community members more leverage in the governance of the subnational mining revenues transfers. But if we are to go by the findings of this social audit, this purpose for which the CDCs were established in the first place are yet to be realized. The voice and influence of the community members on the CDCs is still marginal and their opinions hardly taken onboard. Even the composition of the CDCs does not make room for the community members to assert their voice and space, and make things work better for the affected communities, and not just for the companies

and other high-profile personalities alone. The few community members who find themselves on the CDCs are shackled by very powerful and influential people whose interests seem always to conflict with those of the affected communities. This affects the quality of discussions of the CDCs during meetings or other engagements.

Meanwhile, despite the deep-rooted challenges, which this report has brought to the fore, the social audit equally presents to us an opportunity for all the major players in the mining sector to pause for a moment and critically reflect on their own contributions to the ongoing malaise in the sector and take necessary actions collectively and individually to reverse the trend. This task might be seen as herculean, but it is not insurmountable, as long as all the actors are genuine in their approach towards addressing these challenges. The recommendations in this report are far-reaching and they are directed at different institutions for their attention and action.

Finally, we urge all stakeholders in the mining sector, especially those who the findings of this social audit are unfavourable to them, to accept the process as not a mission to destroy the image and character of their institutions or their very selves, but rather, as a national CALL TO ACTION. This way, we can sanitize the mining sector in Sierra Leone and make it more productive, responsive and beneficial for everyone.

## Annexes

### Annex 1

Financial commitments made by mining companies.

No.	Company	CDC	Commitment
1	Sierra Minerals Holding Ltd. (Vimetco)	Mosenssie	1 % of gross-annual revenue
2	Koidu Limited	Tankoro	0.25% of gross-annual revenue.
3	Gold Lion Mining Company (Wongor)	Nimikoro	1% of the gross-annual revenue
4	Sierra Rutile Ltd.	Mogbemo	Lump sum of US\$100,000 annually
5	Sierra Diamonds Mining Company	Tongo Field	Lump sum of One Billion Leones (US\$ US\$105,263.15.) annually

### Annex 2

Summary of actual payments companies made to the CDCs.

No.	Company	Actual Payments Made to CDCs	2019	2020	2021	2022	2023
1	Sierra Mineral Holding Limited/Vimetco	1% of Annual Sales Revenue	\$674,128	\$637,432	\$637,432	\$476,133	\$335,163
2	Sierra Rutile Limited	\$100,000 per	\$100,000 per annum	\$100,000 per annum	\$100,000 per annum	\$100,000 per annum	100000 per annum
3	Koidu Limited	0.25% of Annual Sales Revenue	\$212,000	\$258,327	\$233,164	\$270,731	\$253,375
4	Sierra Diamonds	SLL 900 – 1Bn of Annual Sales Revenue before production and 0.3% after production begins.	Nle. 900,000	Nle. 950,000	Nle. 1,000,000	0	0
5	Gold Lion Mining Company (Wongor Investment)	1% of Annual Sales Revenue	-	-	-	Nle. 480,000	Nle. 1,067,958.16

### Annex 3

Indicative budget for the implementation of the CDAP.

Community Development Action Plan (CDAP) for the Kamahui Gold Project

Table 6-1: Indicated Budget for the Implementation of the CDAP

Projects	Year 1 (2020)		Year 2 (2021)		Year 3 (2022)		Year 4 (2023)	
	N-koro <sup>1</sup>	N-yama <sup>2</sup>	N-koro	N-yama	N-koro	N-yama	N-koro	N-yama
Project 1: Healthcare Support for the Communities	24,000	6,000	24,000	6,000	24,000	6,000	24,000	6,000
Project 2: Support for the Provision of Potable Water	16,000	4,000	16,000	4,000	16,000	4,000	16,000	4,000
Project 3: Road Upgrade and Maintenance	8,000	2,000	8,000	2,000	8,000	2,000	8,000	2,000
Project 4: Support for Community Education Initiatives	24,000	6,000	24,000	6,000	24,000	6,000	24,000	6,000
Project 5: Others	8,000	2,000	8,000	2,000	8,000	2,000	8,000	2,000
<b>Total</b>	<b>80,000</b>	<b>20,000</b>	<b>80,000</b>	<b>20,000</b>	<b>80,000</b>	<b>20,000</b>	<b>80,000</b>	<b>20,000</b>

### Endnotes

- <https://www.worldometers.info/world-population/sierra-leone-population>.
- Sierra Leone's Medium-Term National Development Plan Volume 1.
- Mines and Minerals Development Act 2022. It received President Assent on May 12th, 2023.

Accountable use of subnational mining revenues transfers.

4. This is a plan on how companies mitigate the environment impacts of their operations.
5. The Section Youth is one of the structures in local communities across Sierra Leone. They are a critical component of the governance and coordination mechanisms that are core to addressing problems facing communities. The youth leader is usually elected by their peers following laid down procedures and processes to represent a section or community.
6. Minister of Mines and Minerals Resources.

Accountable use of subnational mining revenues transfers.  
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