



Press Statement

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CSOs Urge Increased Transparency and Accountability in Managing Subnational Mining Revenue Transfers

Network Movement for Justice and Development (NMJD) in Collaboration with the Natural Resource Governance and Economic Justice (NaRGEJ), and with support from Development and Peace Caritas Canada (D&P) calls for an increased Transparency, Accountability, Participation, Public Disclosure, Local Ownership, and effective Multi-Stakeholders Monitoring of Sub-national Revenue Transfers from the mining companies to affected Primary Host Communities for development purposes in Sierra Leone.

Introduction

Network Movement for Justice and Development (NMJD) on Thursday 1st October 2026 presented the report of its 2024 social audit on the subnational mining revenue transfers to stakeholders at the VANILLA Complex in Aberdeen, Freetown. With its partners, Development and Peace Caritas Canada (D&P) and Budget Advocacy Network (BAN), NMJD undertook a social audit of subnational mining revenues transferred by mining companies to host mining communities for sustainable community development. D&P provided both technical and financial support to the social audit process and BAN provided professional accompaniment. The objectives of the social audit were to enhance local development by increasing the investment portfolio of mining revenues transferred to host mining communities, as well as to increase the transparency, accountability and participation of citizens in the management and utilization of subnational mining revenues.

The social audit was conducted in five chiefdoms across four districts in the country, including: Tankoro/Gbense and Nimikoro Chiefdoms in Kono district;

Lower Bambara Chiefdom in Kenema district; Lower Banta Chiefdom in Moyamba district; and Imperi Chiefdom in Bonthe district. It covered the period 2017 to 2023, targeting five mining companies, namely: Koidu Limited, Sierra Diamonds, Gold Lion Mining Company Limited (formerly Wongor Investment and Mining Corporation), Sierra Mineral Holdings (formerly Vimetco), and Sierra Rutile Limited.

Sierra Leone is endowed with rich mineral resources, littered across the country. Since mining started in the country in the early 1930s with the discovery of diamond in Kono district, mining has been a major contributor to national development. Despite its significant role towards the nation's development, mining is equally responsible for human rights abuses, growing human insecurity, environmental degradation, water and air pollution in host mining communities, with wetlands which communities initially used for farming been turned into mining lands. With consistent advocacy by CSOs and engagements with the relevant MDAs, coupled with the government's desire to turn things around and establish an active mining sector where the rights of people are protected, promoted and upheld, as well as to increase the benefits mining communities derive from the exploitation of the mineral resources in their communities, the government facilitated the review of the legal and regulatory regimes in the country. The Mines and Minerals Act 2009 which is a product of this exercise was further reviewed and upgraded to the Mines and Minerals Development Act 2023, Both Acts contained provisions for the further enhancement of transparency and accountability in the management of subnational mining revenues, as well as directing more revenues to host mining communities for development.

Therefore, the central question driving this social audit is straightforward: when a mining company signs a legally binding agreement to direct a percentage of its revenue to the communities whose land it mines, does that money actually arrive, and does it translate into tangible benefits for those communities? The audit focused on working with host mining communities to investigate and evaluate the management and utilization of subnational mining revenues transfers done by mining companies to the Community Development Committees (CDCs) Account against claims of delivery of services and development projects in the said communities. It is not intended to undermine the efforts of government or a company by creating obstacles on their way or damaging their image and public standing. Rather, it is intended to promote transparency and accountability, efficiency and effectiveness in public service delivery, enhance legitimacy, promote community cohesion and credibility of the government and companies.

Key Findings of the Social Audit

1. The internal governance systems of some CDCs are not democratic and well-structured; they lack transparency, accountability and community

participation. This posed serious challenges to some incoming executives as a result of the outgoing executive's failure to do proper and complete handing over. This failure did not only negate the tenets of transparency and accountability, but also, it hindered the work of the affected incoming executives and at the same time created suspicion and bad blood.

2. Almost all the mining companies covered in this Social Audit for the audit period 2017-2023 were not compliant with the 'not less than 1%' contribution to the Community Development Fund (CDF) as stipulated in the Mines and Minerals Development Act of 2022/2023. Rather, they opted to pay varying amounts of money citing different reasons. For example:
 - Sierra Rutile paid into the CDF an annual bulk sum of US\$100,000 irrespective of what the company generated as gross annual revenue, citing the Sierra Rutile Agreement (Ratification) Act 2002.
 - Koidu Limited was paying 0.25% of its gross annual revenue instead of the 0.01/1% provided for in the CDA and the in the new mining Act before they ceased operations, leaving behind huge accumulated unpaid community development contributions.
 - Sierra Diamonds was paying an annual bulk sum of SLE1 Billion Old Leones before production and export, and later paid 0.3% after production and exportation commenced. The company ceased operations in 2022, again leaving behind huge accumulated unpaid community development contributions.
3. Mining affected communities were concerned about the lack of transparency in determining and calculating the gross annual revenues generated by the mining companies from their sales. The communities were not represented where these processes were carried out and they had no knowledge of how the annual revenues from which the CDF contribution of 1% is derived are calculated.
4. Mining communities were 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.
5. 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 made 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 the award of contracts.
6. The Bauxite CDC had no control over the funds transferred into the CDF. The mining company, Sierra Mineral Holding Limited who transferred the funds is also the one controlling and managing the CDF. The mining

company conducted all financial transactions relating to the CDF disbursements, preparing financial statements and remittances, and keeping all documents in their possession. Additionally, the CDC had no access to these essential financial documents.

7. The irregular or discontinuation of payments to the CDCs by mining companies, coupled by poor planning, caused some development projects to either stall or abandon completely. For example, at Upper Banta Chiefdom, Moyamba District, a 100-Bed Hospital Project was abandoned due to lack of funds to buy materials and pay the contractors to continue the project; and a Community Health Centre and Staff Quarters Project was also abandoned in Nimikoro Chiefdom, Kono District, because of the theft of building materials supplied by the contractor.
8. The interaction between mining companies, CDCs and community members was marginal thereby making the flow of information ineffective. The CDCs and mining companies did not have a schedule that ensured they meet regularly and update community members about their operations and financial contributions to community development projects.

The Recommendations of the Social Audit

In order to address the challenges and gaps set out in the social audit findings, we recommend that:

1. The Mining Laws of Sierra Leone be reviewed to fully address the Community Benefits streams, ensuring enforcement of payment, transparent and accountable implementation processes and putting in place well-defined governance systems for the CDCs.
2. The government's relevant MDAs ensure the Community Development Committees' (CDCs) capabilities and capacities are developed through training, coaching and mentoring to enhance their project planning, implementation and monitoring skills.
3. Affected mining communities establish independent grassroots monitoring groups to observe and track mining revenue transfers and utilization at the local levels.
4. Mining companies and CDCs implement participatory budget processes through public disclosures and allocation of funds in open forums where the community people can discuss, decide or vote on projects priorities.
5. The National Minerals Agency (NMA) work with affected mining communities and establish an accessible and unidentified platform for community members to report misuse of funds or substandard infrastructure projects in their communities.

6. CDCs hold regular town hall meetings with their respective affected mining communities, companies and Government Ministries Departments and Agencies thereby creating an opportunity for companies and government representatives to provide updates and respond to public concerns.
7. The NMA enforce mandatory public disclosures financial records by the CDCs, including the posting of income and expenditure reports in public spaces, such as court barracks and village notice boards.

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About NMJD - Established in February 1988, NMJD is a national civil society human rights and development organization that envisions a just and self-reliant society where the marginalized and exploited are empowered and equipped with the necessary knowledge, skills, and tools to take control of their own lives.

About NaRGEJ - The NaRGEJ Network is a collaborative initiative of groups and individuals in Sierra Leone working to secure economic and social justice through human rights in the natural resource sector. NaRGEJ seeks to facilitate joint actions, enhancing communication and building solidarity across regions, build a national movement to make responsible natural resource governance, human rights, and social justice a reality for all.

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