



GOVERNMENT OF SIERRA LEONE

**PRESIDENTIAL WORKSHOP
ON
MINERALS SECTOR REFORM**

HELD AT STATE HOUSE
ON
MONDAY 7TH JULY 2008

(Summary of Proceedings)

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1 WELCOME ADDRESS BY FRANKLYN BAI-KARGBO (Strategy & Policy Unit)

Mr. Kargbo welcomed participants, pointing out that the Minerals Sector Reform Workshop was jointly organised by the Strategy and Policy Unit of the Office of the President and the Ministry of Mineral Resources.

He noted that at a retreat in Bumbuna, convened by His Excellency, Dr. Ernest Bai Koroma early in 2008, the Ministry of Mineral Resources was designated as one of four “catalyst ministries” which should be engines for growth of the economy and for achievement of Sierra Leone’s development goals. In the ensuing Agenda for Change, Government outlined objectives for the Minerals Sector and committed itself to a number of strategies designed to attain those objectives.

While the Agenda for Change emphasised the importance of the review of Mineral Rights in providing information that would enable government, by improving the status of existing current licenses, to obtain a better financial return from current operations, this was only one element in a compressive, multi faceted strategy necessary to deliver results for the people of Sierra Leone. More needs to be done.

The purpose of this workshop was to discuss and agree upon reform options to address problems in the minerals sector including:

- a) The inability of successive governments to generate appropriate revenue;
- b) Artisanal miners not receiving just rewards for their work;
- c) Mining communities being deprived of benefits from mining activities;
- d) Scars on the land from environmental degradation;
- e) The sector characterized by lawlessness.

Mr Kargbo added that Government is fully cognizant of its responsibility to implement reforms required to create an enabling environment for the sustainable development of the minerals sector.

2 KEYNOTE ADDRESS BY HIS EXCELLENCY, DR. ERNEST BAI KOROMA (President of the Republic of Sierra Leone)

His Excellency stated that the main objective of the workshop was to discuss reform of Sierra Leone’s minerals sector. He reminded the audience of his statement at his inauguration that, after the successful and peaceful transition from one government to another, a new dawn had been ushered in with the opportunity to lift Sierra Leoneans from poverty and make significant improvement in their lives.

Minerals Sector as a Driver of Economic Growth

He pointed out that shortly after the inauguration, at a retreat in Bumbuna, an Agenda for Change was developed in which four sectors were identified as the drivers of economic growth: agriculture, fisheries, tourism and mining. This Presidential Workshop on Minerals Sector Reform was part of this drive to mobilise all resources needed for achieving the country’s national development goals and for ensuring that the state and the people of Sierra Leone derive maximum benefit from the utilisation of their mineral resources.

He pointed out that as a driver of economic growth, the minerals sector should be capable of generating significant multiplier effect on the rest of the economy through the provision of direct and indirect employment opportunities as well as by stimulating investments in businesses that supply the sector.

The President said that, in the current era of rising commodity prices, restructuring of the minerals sector is urgent as it must help combat the pressures of poverty. He stressed that the exploitation of minerals should not merely be viewed in terms of its revenue and export earning potential, but equally in terms of other spill-over effects such as technology transfer, local infrastructure development, employment, and linkages with the rest of the economy.

Wide Range of Reforms Needed

He pointed out that work on reforming and restructuring the minerals sector had already started by the initiation of the process of reviewing all mineral rights in Sierra Leone, with the objective of securing maximum gains from current mining activities, particularly, large-scale mining. However, he said that the review process cannot by itself deliver all the expected results. It must therefore be combined with an examination of the institutional changes required to facilitate investment from responsible, reputable companies and ensure that government is equipped to better regulate the sector.

Role of Government in Facilitating Investment

He stressed that while “Sierra Leone is open for business,” Sierra Leoneans must be cognizant about the competitive nature of the global economy and be aware that it is competing with other countries in attracting investment and consequently, the cost of doing business in one country may determine when and where a mining company decides to invest. He therefore advised participants to examine factors such as the current regulatory system which influences such transactions costs. He challenged participants to approach the task from all angles, including the perspective of the mining companies.

The government’s role was to improve the business environment to attract responsible investors and examine ways of creating and enforcing policies, laws and regulations that shape business activities and ensure that they are applied consistently, transparently and predictably to remove all doubts in the minds of these investors.

The Sector’s Obligations to the Country

The President encouraged the audience to reflect on how government could obtain greater benefit from the minerals sector - especially since none of the mining companies currently operating in Sierra Leone is reporting a profit, hence there is currently no corporate tax revenue being collected. Consequently, government must act as an enabling state within which mining companies can operate productively and profitably and ensure that companies meet the obligations in obtaining licences, adherence to regulations and the payment of taxes and fees. The government must also ensure that holders of other licences, such as exporters and traders, also meet their license obligations and pay their dues to government.

Hon. Ernest Bai Koroma cautioned against economic growth “at all cost”. He said that only investment from responsible and reputable businesses whose activities do not cause irreparable environmental damage or social unrest must be encouraged. Those investors whose business practices are not in the best interest of Sierra Leone or who are unlikely to advance into mining beyond prospecting and exploration must not be tolerated. In this respect, he mentioned the deplorable statistics in which out of a total of 130 non-artisanal licences issued, only 10 large-scale companies actually mine in Sierra Leone.

He advised participants to use a wide consultative approach and increased transparency in decision-making. He presented the case of Venezuela which was forced to withdraw from the Kimberley process and will therefore not be able to export rough diamonds, because it overlooked the voice of NGOs. He noted the presence of civil society organisations at the workshop.

Benefits for the People and the Community

He highlighted that a critical issue in the development of the minerals sector is the realisation of benefits by all communities in Sierra Leone, especially those in the mining areas. He referred to the Jenkins-Johnston report which brought to light the delicate relationship that exists between the government, mining companies and the community, so that while the growth of the sector will create direct and indirect employment opportunities, a proportion of government revenue, through mechanisms such as the Diamond Area Community Development Fund (DACDF) must be utilized for community development initiatives. Mining companies must also be encouraged to make their own investment in their areas of operation, through infrastructure, health clinics and schools, for example.

Reforming the Ministry of Mineral Resources

Hon. Ernest Bai Koroma recommended measures that should be taken for the vision of the mining sector as an engine for growth: a change in institutional arrangements, and a change in the mindset in the sector's management. He insisted that the Ministry of Mineral Resources needs to take the lead in developing and implementing policies that manage a key economic sector, and not be just an organisation that administers processes.

Finally, he emphasised the need for skilled managers, engineers and geologists in the public sector – difficult to achieve, when the private sector is able to offer higher salaries than government. One suggested solution to this problem is the example of new and better institutional arrangements that many African countries have adopted to manage their minerals sector.

2.1 COMMENTS ON THE KEYNOTE ADDRESS BY THE MODERATOR, MR. ABU BAKARR JALLOH (Minister of Mineral Resources)

Minister Jalloh observed that after 70 years of mining in this country, there is still much to be desired. He urged that since this is a Presidential initiative and the President and several Ministers are participating in the deliberations, this workshop must be proactive and that change must happen.

3 WORKSHOP OVERVIEW: BY A.R WURIE (Director of Mines)

Mr. Wurie emphasized the importance of the minerals sector in Sierra Leone. In the 1960s and 1970s it contributed over 70% of foreign exchange earnings, 20% of the GDP and 15% of fiscal revenues. Over the years the sector suffered severe setbacks due to the prolonged civil war, and the country failed to gain much benefit from mining due to several factors. The workshop was to discuss these factors and recommend reforms that will result in the maximisation of the country's benefits from the sector but without prejudice to investors.

He highlighted the workshop's four objectives:

- To demonstrate the economic and social development potential of Sierra Leone's minerals sector.

- To identify and analyse the constraints for realising the sector’s potential, with discussion to focus on issues such as institutional capacity, investment opportunities, relationships between communities, companies and government, oversight functions, transparency and equity.
- To discuss options for reform to overcome these constraints.
- To agree upon a strategy for implementing minerals sector reform.

He emphasised the need for implementing some specific steps:

- Adopting international standards in terms of law and regulations comparable with neighbouring countries to attract investors.
- Transforming the Ministry from an “administrative” function to an economic development ministry that can generate its own funds to cater fully for all facilities required to render it effective in managing the sector.
- Collaborating with the National Revenue Agency (NRA) and the Ministry of Finance to identify more effective revenue collection, and reviewing licences, fees and other charges making sure that they are regionally competitive.
- Transforming regional office structures to support effective monitoring and compliance. This will ensure that holders of mineral rights fully honour their obligations or stand the risk of losing them if they fail.
- Regarding human capacity, graduates in civil electrical and mechanical engineers should be given short-term training for about one year to address the acute shortage of staff in the Ministry.
- Opening new mines to facilitate technology transfer and employment opportunities.

4 CONTEXT AND MINERAL POTENTIAL BY MOHAMED B. MANSARAY (Director of Geological Survey)

Mr Mansaray addressed the following topics:

I Current Situation

- The role of the Ministry of Mineral Resources is to formulate and implement effective minerals policies. The foundation here is the Core Minerals Policy (CMP), which is designed to create an internationally competitive and investor-friendly business environment.
- The Ministry is divided into two technical divisions: (i) Mines Division, which administers provisions and regulations under the Mines and Minerals Act; and (ii) the Geological Survey Division, which is responsible for geological data collection and supervision of prospecting and exploration activities. In addition, certification of all diamonds for export is undertaken by the Gold and Diamond Office (GDO).
- Currently, a total of 130 non-artisanal licences have been issued by the Ministry as follows:
 - 38 for Prospecting, of which 16 are not for diamonds;

- 47 for Exploration, of which 12 are not for diamonds;
 - 35 for Small Scale Mining (SSM), nearly all of which are related to alluvial diamond mining;
 - 10 for Large Scale Mining (LSM), of which 5 are for diamonds, 2 for stone (dimension) quarrying, 1 for iron ore, 1 for bauxite and 1 for rutile.
- Although there is no provision in mining law of what constitutes SSM, Mr Mansaray said that Small Scale Mining licences are in fact issued but because of the large proliferation of prospecting and exploration with little mining activity, the ministry decided to provide a Small Scale Mining scheme so that, at least, some mining activity could be undertaken. Mr Mansaray pointed out that artisanal mining is only for Sierra Leoneans and usually they lack the funds to undertake this. The Small Scale Mining licence now allows them to joint venture with foreign investors with a minimum of 25% Sierra Leonean interest, and with foreign investment being 75% or less, so that a minimal level of mining activities could continue.

II Institutional Arrangements and Capacity

- Mr Mansaray noted that the most deplorable situation was found in the Geological Survey Division with only 69 staff members, and few professionals. Beefing up the professional cadre of the Ministry is therefore an urgent requirement, so that the search for new minerals can be pursued and the ones already in existence can be developed. Also to be addressed is the fact that many senior officials in the Ministry are on the verge of retirement, and their replacements must figure highly in the reform process. Remuneration is also an issue; remuneration of suitably qualified geologists is six times higher in the private sector than in the public sector.
- He referred to the derelict state of the laboratory and the high cost of use of other laboratories, and the existence of only one geological map to carry out geological surveys used to locate kimberlite deposits. He underlined the need for a cadastral map to enable the registration of mineral rights and validate all mining sector activity.

III Key Players & Role of Artisanal Mining

- **Rutile mining** - Sierra Rutile Limited (owned by TRG) holds mining leases of 580 km² in which 19 separate rutile deposits have been identified; its probable reserves are 259 million tonnes at 1.48% recoverable rutile. The company's production is approximately 125,000t/y of rutile increasing to 200,000t/y with the second dredge in place and 15,000t/y ilmenite; Dredge D3 will add up to 40,000 TPA to rutile production capacity. A Foundation Fund has been set up by the Company to mobilize funds for community development projects.
- **Bauxite mining** - Sierra Minerals Holdings is the 2nd of TRG's subsidiary companies. It mines bauxite in the defunct Sieromco Bauxite Mine. The lease covers an area of 321.7 km² with project facilities at Gondama. Proved and probable bauxite reserves are 12.4M tonnes at 53.1% alumina, which can be increased through prospecting and exploring. About 1.2M tonnes of bauxite is produced annually.
- **Diamond mining** - Koidu Holdings S.A. is wholly owned by BSG Resources Ltd. The company was granted a 25-year Mining Lease over the 4km² Koidu Kimberlite Project, which hosts 2 kimberlite pipes and at least 4 kimberlite dyke zones. The company also holds the Exploration Licence for the Tongo Diamond Field Project, and have applied for a mining lease to commence operations there. Reserves of deposits down to depth of 500m are: (i) 6.3 million carats at Koidu; and (ii) 3.2 million carats at Tongo. Kimberlite mining

operations began in January 2004. In December 2007, there was a riot at the mine which resulted in Government temporarily suspending operations. The suspension has now been lifted to allow the company to recommence operations.

- **Diamond Exports** - The value of diamond exports have grown exponentially since the year 2000 and now exceed \$140 million per year, most of this from artisanal mining.
- **African Minerals Limited (AML)** is a mineral and diamond exploration and production company focused on Sierra Leone. They hold 8 prospecting licences (out of 38) covering 26,000 km², versus an average for other licence holders of approximately 200 km². The company holds 7 exploration licenses covering (out of 47) 2,100 km², versus an average of approximately 50 km². They also hold 1 mining licence for alluvial diamonds in Kono which is currently inactive. African Minerals completed an aeromagnetic survey in 2004 and subsequent exploration programmes and multi-element sampling analysis; resulting in delineating 5 major mineralised finds:
 - Gori Hills (Nickel/Cobalt)
 - Lovetta – Soa Chiefdom (Uranium)
 - Nimini Hills (Nickel)
 - Laminaia – Loko Hills (Gold)
 - Sula Mountains (Iron Ore)
- Artisanal Mining – approximately 2,000 artisanal mining licences are in force.

5 CONTEXT AND ECONOMIC POTENTIAL BY MR. HERBERT M'CLEOD, (Strategy and Policy Unit, Office of the President)

Mr M'cleod opened by highlighting the large scale mineral potential in Sierra Leone, which could yield:

- 2 rutile mines (330,000 tons/annum)
- 2 bauxite mines (2.5m tons/annum)
- 2 kimberlite mines (450,000 carats/annum)
- 2 gold mines (300,000 oz/ annum)

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He stated that the mining sector can serve as an engine of economic growth; an extra contribution to GDP of 1.2% per year is possible if supported by a growing mining sector. Mining sector currently generates well over 90% of export income, but this will decline to less than 75% within a decade in the absence of new mineral sector investments. With new investment in the mining sector:

- GDP per capita can be 6% higher in five years than it would be without mining growth, and 17% higher by the year 2020;
- the value of mineral exports could rise from \$230 million today to in excess of \$1.2 billion by the year 2020;
- mineral exports per capita can be expected to more than double within four years and rise from \$34 per capita today to \$170 by the year 2020.

He pointed out that the mining sector contributed only 5% of Sierra Leone's Government revenue in 2006, equal to about 5% of the value of mineral exports. With a well-administered and balanced fiscal regime, it is reasonable to expect that Sierra Leone could retain around 7% of the value of mineral

exports as Government revenue through: (i) increased average royalty rates; (ii) greater mine profitability, as existing mines mature and costs are fully recouped; and (iii) significant indirect taxes derived from large-scale mines (salary taxes, import and excise duties, service charges etc). Retaining 7% of the mineral export value could see Government revenue from mining increase to over Le 100bn annually within four years and over Le 200bn annually by the year 2020 (in real terms).

Mr. M'cleod emphasized that this contribution should also be judged by its wider impact on society. By the year 2011, some 190,000 people could be lifted out of poverty due to mining industry growth. This number could rise to 900,000 by 2020. The increases in Government revenue from the mining sector could fund, for example:

- By 2011:
 - A doubling of the Government's direct financing component of the Development Budget, therefore enabling increased leadership by the Government relative to its donor partners, in the country's development; or
 - The employment of an additional 30,000 health care professionals.
- By 2020:
 - The employment of 50,000 new full-time school teachers; or
 - A more than doubling of the current rate of investment in the rehabilitation and maintenance of the national road network.

He added that although by 2020 revenue from mining expert could be \$1.2 billion through successful reforms, this must be increased if poverty is to be alleviated. He also said that an annual increase of Le100 billion in government revenues looks impressive, but this is minimal for infrastructural development such as roads and energy. And, he said that it is not just revenue that matters, but other economic factors such as employment, and backward and forward linkages, which are even more important and will increase significantly the potential contribution of the mineral sector to the country's development.

He presented other factors to be taken into consideration:

- (1) The world is again in a commodities boom. New entrants into the global economy such as China and Brazil are exchanging not just equity shares for mineral rights, but development of infrastructure which will generate a flow of income over time.
- (2) Significant capital is available internationally. Until the recent downturn in the global economy, last year (2007) the capital market raised \$50 billion for minerals investment. If Sierra Leone's reforms are not satisfactory, it will not capture a share of this investment.

Mr M'cleod called for specific measures to translate the Government's vision into reality:

- Development of a more comprehensive database (the Government only learned from Koidu Holdings about the existence of exploitable supplies of nickel) without which limits the country's investment potential.
- The need for greater exploitation of mineral resources, as currently only a few minerals are exploited commercially and yet the sector is under pressure to help lift the country out of poverty.
- The need to increase revenue from the sector as well as employment, the latter of which is only significant in the alluvial mining sector with over 100,000 workers.
- Need to develop local industry, which until recently was manufacturing just 20 products. Such industries' contribution to the mining sector is far too low.

- Need to develop sector linkages, which currently do not exist. There is no semi-processing, and only raw materials are exported.
- Need to develop technology for processing; the technology employed in Rutile and Bauxite mining has virtually no impact on technology in Sierra Leone. The high costs of importing semi-processing technology makes it preferable for companies to carry out that task abroad.
- The magnitude of resources required for extraction is much larger than available in the entire economy.
- Mining companies with which the Government interacts are extremely powerful, with large numbers of lawyers and other technical staff, whereas teams from developing countries are few in number and barely qualified technically. The result is that terms currently in force, except for alluvial mining, are not favourable.

As a Way Forward, Mr Mcleod recommended the following:

- Minerals can provide wealth, steady revenue and employment but there must be appropriate management of these depleting assets. At one point, Sierra Leone was the 3rd largest diamond producing country in the world.
- It is important to monitor global economic trends given the significant presence of external actors on the scene. The machinery must be put in place within MMR to monitor trends in the global economy and assess its impact on the local economy.
- The Government should insist on infrastructural development as part of negotiations, and take a more careful look at side effects.
- Caution must be exercised over Government taking equity positions; the 49% shares and no dividend was provided in the past – and Government has been fooled by external partners for the last 10 years.
- Careful selection of foreign partners - A post-war situation is ideal for the influx of those undesirable potential partners who are difficult to detect given the climate of uncertainty. This explains the existence of many non-performing companies in this sector that lack the experience and resources to exploit minerals.
- Emphasis should be placed not only on revenue but also on the policy framework.
- The value chain for each mineral must be understood.
- Enlist participation of local communities in negotiations.

6 MINING COMPANY PERSPECTIVE BY JAN JOUBERT (CEO Koidu Holdings Limited)

Mr Joubert stressed the need to understand all factors which impact the mining sector. He reminded participants that no mining company in Sierra Leone today is making a profit, and over the last 6 months every single organisation in Sierra Leone as part of the organisations listed on the international market has experienced a drop in share price between 50%-60%. This is dramatic considering the rising business profile of minerals globally. Mr Joubert noted that global demand for resources is on the increase, yet Sierra Leone is not performing; a clear indication that investors' attitude towards this country is not positive. He added that all mining companies currently in Sierra Leone are beset with different types of problems including security and conflict with communities, and that the reasons for these problems must be understood.

He noted that in December 2007, Koidu Holdings had a business plan calling for sustainable mining operations over the next 20 years. However, since the disturbance on the 13th Dec 2007, the dynamics of this plan changed. Although supervision of activities has been lifted, it will require four

years and \$120,000,000 in investment for Koidu to get back to its former position, and this in an environment still clouded with inconsistency and instability.

He observed that:

- Poverty is rampant, and that other social problems like instability arise because everyone is competing for the same limited resources. He warned that if the resource base does not expand, this competition will reach the point where the level of instability becomes so high that the situation cannot be reversed.
- Although the security situation has improved, there are still hot spots of unrest all over the country and this is directly linked with poverty.
- A huge challenge is development of human capital. It is cheaper for foreign investors to employ Sierra Leoneans and while this addresses social responsibility issues, such employees also require appropriate qualifications. A mining engineer, for example, must be qualified in blasting, mine planning, etc. because if something goes wrong the employers are blamed.
- In Ghana, Botswana, and Namibia, 90% of operations can be supported either by original manufacturers or a service provider in the area. These facilities are absent in Sierra Leone.
- Regulations must be consistent; a lack of consistency sends wrong signals to the market which has huge and far reaching implications for investment.
- Political risk, if high, reduces chances for obtaining loans. Political risk insurance can be obtained either from the financial market or from the World Bank which should be a development partner for Sierra Leone.
- Capacity problems are huge in every sector of the government – in skills, finances, etc. – and must be developed. Sierra Leone and Vietnam are in post-war situations but in Vietnam the ATTITUDE of the people is so positive, they want to add value to themselves, to their country, so manufacturers and other investors are attracted to Vietnam. Much is needed to develop this positive attitude in Sierra Leone. The example of Ghana was given; it was in a worse state than Sierra Leone a few years ago, but a political framework was put in place that created a foundation for development. This framework removed corruption, political manoeuvring, and competition for the same resources. The bureaucracy that stood in the way of development was removed. In the mineral sector, a specific framework as guidelines of their expectations was set up and presented to investors, which allowed them to bring their capital, skills, and business plans to develop the country. No restrictions were put on the number of expatriate workers brought in.
- The government does not have the capacity to solve all the problems mentioned above, nor can it employ every Sierra Leonean. Employment is going to be created by foreign investors coming in. This means that the investment climate must be favourable to attract foreign investors. For this, the right framework must be put in place. This framework must have consistency. Until the economy gets out of its current desperate situation, the government and civil society and other stakeholders will have to work closely together. The government or community must not treat the foreign investor as an enemy; if that happens, investors will turn away.
- Sierra Leone's potential has never been quantified. Koidu Holdings over the next 20 years could generate \$1.6 billion in exports, from which the government will receive \$400 million in taxes, import duties, royalties, etc. This is greater than what the investor will receive, who will need to invest \$200 million over the next 17 years, and face all the risks and operational challenges.

Mr. Wilson described the paradox of plenty and the findings of a recent African Development Bank study. That study found that while countries with resources are richer, countries without have outperformed them in terms of GDP growth over the medium term in the past and without proper management of the minerals sector, these resources will ultimately result in a ‘resource curse’.

Mr. Wilson stated that in order to avoid this curse in Sierra Leone, the Government must manage revenue and macro-economic volatility, reducing corruption and rent seeking, and make wise investment and revenue allocation decisions. Sierra Leone must also become an easier place to do business. The Index of Economic Freedom places Sierra Leone 32nd out of 40 sub-saharan countries and 160th out of 178 countries, the World Bank’s Doing Business indicators - 160th of 178 countries, and Transparency International’s Corruptions Perception Index – 142nd out of 163 countries.

In terms of specific constraints facing mineral sector development, Mr Wilson highlighted the following;

- No so-called “A” list companies
- One company has two-thirds of the country under license
- Geological information is not available and not funded; an under-resourced Geological Survey Division is unable to do its job
- Infrastructure is poor or non-existent
- Legislations (e.g, mineral resources, income tax) are out-of-date and poorly structured
- Environmental concerns abound
- Income taxes not assessed / collected
- Artisanal miners view restricted access and are underpaid for diamonds
- Monitoring is ineffective & prone to corruption
- Inadequate transparency on information
- Communities’ governance structures provide inadequate accountability for resource generated revenue use
- Stories abound of abuse, misuse of national resources without commensurate benefits
- Governments have had reputations for corruption, and transparency and accountability have been questioned

Mr Wilson then also pointed that the Government is not alone in addressing these problems; the international community have made a number of commitments to the sector’s development including;

- DFID - is addressing management and institutional matters (project implemented by Adam Smith International).
- WB (MoFED) – is addressing infrastructure, capacity building and mineral rights matters.
- UNDP – is assisting in the Presidential review of all mineral rights.

- European Commission – is enabling 45 million Euro through Sierra Rutile loan repayment for mineral sector matters with MoFED oversight.

Mr. Wilson concluded by encouraging that we all proceed positively; now that we have set out some constraints we need to identify specific reforms and plan a way forward.

8 REFORM AGENDA - ENABLING POLICIES BY ANDREW KEILI (MD of CEMMATS Group)

Mr Keili stated that policies to address environmental and social concerns in the mining sector have a number of weaknesses:

- The legal and regulatory framework is often lacking specificity, leaving interpretation to be determined often by stakeholders themselves;
- Laws pertaining to the sector are diffused across statutes emanating from various ministries, leading to problems of consistency and poorly defined responsibilities;
- Monitoring of company performance rarely occurs, other than by INGOs, NGOs and other representatives of civil society.

Mr Keili noted that legislation associated with mining takes the form of many different laws. In almost all instances, the mining code plays the central regulatory role but laws dealing with labour, safety, land, water, tax, foreign exchange, environment and so forth also enter into the picture. He noted that reform of the sector needs to take into consideration the implementation of the Core Minerals Policy and the review/reform of the Mining Licensing system. The issue of public-private partnership for infrastructure, in line with recent Government pronouncements, should also be considered.

Mr. Keili said that a recent World Bank study carried out by Cemmats measuring the political will as perceived by stakeholders in mining regions around the country, indicated that for measured indices, there was very little political will to address known problems, except for the issue of child labour.

Mr. Keili noted that the strategic objectives of the Core Minerals Policy still represent the overriding goals of the sector, however, for the mining sector at all levels to contribute to sustainable development, the CMP must be turned into a set of laws, institutions, policies and regulations. He also stressed the need for updated policy and institutional and governance building for mining to become a development driver.

In terms of specific priority areas that required clear policies, Mr. Keili pointed out the following areas:

1. Land and crop compensation
2. Mine relocation requirements and procedures
3. Mine employment and local procurement
4. Provision of infrastructure
5. Blasting effects
6. Deforestation and soil degradation

Mr. Keili then went on to describe the licensing procedures and highlighted the following issues:

- Information requested from applicants should be comprehensive enough to determine the technical capability, financial capability, technical and financial viability of the project and to enable a comparison of the attributes of competing players.
- Development opportunities should not be lost by having mining company(ies) sit on large blocks of land with exclusive licenses. The aim should be “invest, use it, or lose it”.
- Tighter timeframes for prospecting and exploration work and developing a mine should be considered. The capacity of companies to “deliver” should be a paramount consideration;
- Steps should be taken to ensure a level playing field. A major reason for the absence of large international companies is that SL is a difficult place to do business and the ‘playing field is not seen by investors as being even’.
- The Government should allow monitoring and enforcement institutions to do their work.
- The Minerals Advisory Board is the competent body to advise the Ministry on the granting of Mining Licence.
- Record keeping and information dissemination should be improved upon and made more transparent.
- Many of the Environmental and socio-economic issues in mining areas can be addressed if the Department/ Agency responsible for the Environment is allowed and capacitated to function well.
- Many issues of development in mining communities can be addressed through an effective EIA process.
- Without sorting out the institutional, governance, capacity and financial problems of the institutions responsible for licensing, enforcement and monitoring, the problems of the sector will continue to persist.

Mr Keili then described some of the issues associated with Private Public Partnerships (PPP) for infrastructure development. Based on these issues, Mr. Keili proposed that a PPP policy framework be developed in order to formally confirm Government's official support for PPPs, they should also publish transparent policies that provide the basis for a PPP legal framework, and explain the rationale of the PPP institutional framework. The procurement policy for PPPs would need to be different from standard public procurement and is usually more complex. It requires the Government to do only the basic design and engineering estimates while private sector providers complete the design and engineering. Unsolicited proposals increase the burden on governments and corresponding perceptions of corruption, which leads to arguments to prohibit them altogether, therefore at a minimum, a principle should be that all unsolicited proposals are channelled into a transparent, competitive process where challengers have a fair chance of winning the tender.

Mr. Keili then said that in order for reforms to be sustainable in the long-run, they must be perceived as legitimate by society as a whole and that there are three interrelated crucial elements in this legitimatisation. First, all important stakeholders must be involved from the beginning and have input into the reform process. Second, there must be broad confidence that the government has the capacity to implement the reforms. Third, the benefits of the reform must be widely spread.

In conclusion Mr. Keili noted that there is a close relationship between mining policy, regulation and investment. Companies balance many factors when deciding where to invest. Geological potential is usually a high priority but even excellent geology may not be enough to attract investment if the policy and regulatory framework are thought to be inappropriate. The mining industry must also be made to benefit the country and mining communities in a sustainable way, taking many factors, including environmental and socio-economic factors into consideration. It is possible, with proper

reform of the sector to have the mining sector benefit the country, mining communities and the investor. Reform is however not an easy task and Government should be aware of possible pitfalls that could stifle reform. It is relatively easy for a government to design and pass a policy for reform, much more difficult to implement the reform, and most difficult of all to prevent capture of the reform and sustain the reform over the long-term.

9 REFORM AGENDA: CAPACITY TO IMPLEMENT (EMMANUEL OSHO-COKER, DIRECTOR, PUBLIC SECTOR REFORM UNIT, OFFICE OF THE PRESIDENT)

Mr Coker stated that the Ministry of Mineral Resources is faced with a number of challenges:

- Working arrangements are confusing as each of the three Divisions has its own administration, making policies and planning uncoordinated;
- Lack of effective central or regional monitoring and compliance structures with inability to police its own decisions and conditions of licensing;
- Lack of access to required expertise.

He also stated that the existing statutory framework within the sector creates ambiguity. The Minerals Act 1996 is outdated in many areas, and 11 other Acts have provisions which impact on the sector making it difficult for investors to fully understand the requirements of the mining industry. In addition, the lack of clear rules and procedures associated with issuing licences, operating mines and dealing with communities has made it difficult to monitor and enforce compliance. And the Ministry does not have the capacity to adequately perform necessary policy functions, and the usual processes of policy making are ad hoc and reactive.

Bad governance, politics and conflict have together eroded the capacity of the MMR. The Ministry is therefore not in position to stimulate, foster and oversee the necessary investment in the sector. This is largely as a result of:

- Continued low investment in capacity building including IT and data management system and infrastructure resources;
- Paucity of professional and technical staff (the unattractive incentive mechanism has still not been revised);
- Lack of transport facilities especially in the regional offices to enhance monitoring and enforcement

An institutional arrangement is needed to attract & retain professional staff while competing with the private sector. He recommended that the Ministry should move from a largely administrative role to a more technical, enforcement and policy role with the objective of contributing to national socio-economic development. This transformation would result in: (i) greater collaboration with stakeholders and other government agencies; (ii) reduction of transaction cost of doing business, and bureaucratic hurdles for investors; (iii) introduction of international best practice on managing the mineral sector; (iv) introduction of a mechanisms to promote open and transparent decision-making processes that are predictable and consistent; and (v) the need to identify methods to self-finance those parts of the MMR which can be commercialised or supported through licensing fees or percentage of revenue retained.

Mr Coker added that Government must recognise the MMR's potential to be an economic ministry particularly in releasing funds allocated under the budget. These efforts will also encourage badly

needed investor confidence from the multi-national companies; without reform of the institutions that administer the mining sector and the legal and regulatory frameworks, capital for new exploration will continue to be difficult and expensive to raise.

Three institutional options for the Ministry's transformation were proposed:

1. Public Service Model - Regulatory function would be retained by the Ministry but geological survey organised as a parastatal reporting to its own Board.
2. Split Model - Three major functional areas of **licensing, geological survey & GDO** would be separated from the Ministry and organised into agencies headed by CEOs reporting to a Board of Directors. The CEOs retain a dotted line reporting relationship to the Minister.
3. Establish an independent agency, with a single Board reporting to the Ministry.

All of these models have their strengths and weaknesses that require extensive stakeholder consultation before a preferred option is selected.

10 SECTOR RELATIONSHIPS AND COMMUNICATIONS BY ABU BRIMA (Network Movement for Justice and Development)

Mr Brima began by saying that despite the long history of mining in Sierra Leone evidence on the ground and from empirical studies shows that the benefits accruing to the country have been woefully inadequate. He stated that the failure to maximise the benefits of extractive resources and to adequately address the associated problems is simply a derivate of policy inadequacy, institutional weaknesses and lack of a comprehensive national development strategy for the sector. He called for a strategy derived from processes which are participatory and which optimizes the direct and indirect benefits of natural resources, ensures a balance of power and control of these resources and their utilization, while ensuring ecological sustainability.

Mr. Brima then called for a new paradigm for mining in Sierra Leone whose core principles would include:

- The promotion and protection of communities, ecosystem, government and companies must be equally respected.
- The need for transparent relationships between various stakeholders, achieved through formalized relationships. This formalisation should be supported by enacting an appropriate freedom of information bill.
- A cost-benefit analysis should be conducted in order to determine whether to mine or not. This information should then be used to make better informed decision on mining licences.
- All four stakeholders should be involved in making decisions on whether or not to mine in an area.
- Create a long-term vision of extractives in the national economy, with a clear and key role for the state, national private sector, multinational companies and communities. This would include the state taking the majority shareholding in all strategic minerals.
- Mineral exploitation should be viewed as a development process. This will need to include developing policies on the rate of extraction, performance requirements for licences, revised fiscal regime, more equitable redistribution of mineral wealth, and rehabilitation of mining sites.
- Encouraging sustainability and protecting community welfare.

- There must be adequate and qualitative consultation between the state, local government, communities and companies before exploitation of mineral resources is permitted.
- Transparency and accountability of regulators and the various stake holders involved in mineral resource exploitation must be present from the beginning to the end of the process.

In conclusion, Mr. Brima stated that the failure of Sierra Leone to optimise the benefits of mining is a failure in policy, law, stakeholder relationships, and institutional practice. These are within our reach to correct and we must act now.

11 HOW TO ATTRACT LARGE SCALE INVESTORS TO SIERRA LEONE BY JOHN SISAY (Executive Director Sierra Rutile)

Mr Sisay highlighted the following:

- **Review of Mineral Rights** - This is welcomed by foreign partners. The talk of review – going on for a long time - has created a feeling of insecurity in the market. The government must articulate the exact objectives of this review. In the case of Sierra Rutile, for instance, the absence of appropriation insurance is worrying because the government can nationalise property again. Insecurity created due to production problems has resulted in a drop in stock price from 84 pence to 26 pence. This drop was not solely a result of their financial results, but to a large degree based on investment perceptions in Sierra Leone. The answer is for Sierra Leone to act proactively and send the right message to London, New York, etc. where the funds are, so that people will have a clear understanding of the government's plan for the mining sector in Sierra Leone.
- **Business Activity in Sierra Leone** - In Sierra Leone there are opportunities and incredible potential but also great challenges. While donors are developing infrastructure, the government must facilitate smooth operations. Delay of imported goods at the port for over three months is discouraging. The behaviour of civil servants, not as service providers but as gate-keepers frustrates business; civil servants need to be educated on what their duty is to the people and the business community. Also, the time required to come in from the airport has a bad psychological effect on businesspeople.
- **Corporate Social Responsibility** - Mining companies can do more and should do more in this respect. Over the past 20 years, companies have realised that social responsibility is in direct relationship with the profit. The case of SRL is a clear demonstration of this. A day's production is worth about 400,000 dollars, so if production is disrupted by conflict, a huge amount of capital is lost. Therefore, it is in the interest of the company to make sure that there is a good working relationship with the community.

Rutile mining by definition has a significant social environmental impact that cannot be avoided, but the impact must be mitigated. Flooding a plain and dredging are essential parts of rutile mining which removes the top soil containing the nutrients, making it very difficult to re-vegetate the soil. Donors (e.g., DFID) must help. The community is already involved in making compost heaps etc., and in other earth moving activities, sealing the top soil once they try to reclaim the land to its former quality, but also finding alternative uses for the land. So they are considering agriculture, and industrial, fish farming on some of the land. Within a month, fishing will be introduced into the main ponds. Agriculture will be introduced into the Bauxite area as the land is reclaimed.- a 200 hectares Chiquita banana plantation, to be exported to Europe, will

be introduced, thereby diversifying the local economy, and creating more jobs and ensuring a longer term sustainability.

12 INTERNATIONAL EXPERIENCES IN MINERALS REVIEWS BY MATTHEW GENASCI (Legal Analyst, Revenue Watch)

Mr Genasci presented Revenue Watch's goal of encouraging systemic change in the policies and practices of governments, companies, international institutions and donors, to mainstream transparency and accountability in the management of extractive industries revenues.

Beyond introducing Revenue Watch as an organisation, Mr Genasci presented some of the myths and facts associated with government's review of mineral right agreements. These included the following:

- Myth 1: Countries changing contractual terms lose competitiveness.
- Myth 2: Countries changing rules are unreliable partners.
- Fact 1: More than 30 oil, gas and mining producers have revised their contracts or fiscal terms since 1999.
- Fact 2: Changes to fiscal/contractual terms occur broadly in two directions
 - Increase of government share of profits through royalties, taxes and windfall taxes;
 - Many countries willing to offer incentives to attract investment in certain cases.

Mr Genasci then went on to describe recent mining sector reform efforts across Africa. These included Zambia launching a new mining taxation code; Ghana announcing an increase in royalties; the Democratic Republic of Congo (DRC) has recently undertaken a review and are about to renegotiate 61 contracts; Tanzania have proposed new legislation to reduce current lengthy tax deferral periods for mining companies; and Guinea is moving towards renegotiating a number of key mining deals, including the price paid for its share sale in one of its mines and refineries. Mr. Genasci pointed out that these changes were driven by high commodity prices, issues associated new thinking on control of the sector, competition and investment incentives.

Mr. Genasci then presented detailed case studies of recent African experience with licensing, contracts and concessions reviews in Liberia and the DRC. In Liberia the government established a Contracts and Concession Review Committee which then forwarded its analysis and recommendations to an Inter-Ministerial Concessions Committee that was effectively the Government's negotiating team. In Liberia, the key elements in establishing the negotiation positions, priorities and strategy included the following;

- Broad negotiating principles established by the President
- Input from affected communities, civil society, and partners
- Report from the Inter-Ministerial Technical Committee
- Input from other Ministers and technical and legal experts, both within and outside of Government
- Consensus building within the Committee during negotiation to develop ownership and broad-based support within the Government for the negotiation's objectives and results

In the DRC, the review was initiated after a lengthy study by a Parliamentary Commission into government contract irregularities. This resulted in the Ministry of Mines forming an Inter-Ministerial

Review Commission. The contracts were made publicly available on the internet, allowing various groups to perform their own analysis and submit input it to the Commission. The Commission subsequently issued its report on November 2007, classifying all 60+ of the reviewed contracts for either renegotiation or termination. The Ministry recently announced it intends to commence renegotiations in mid-July. No details regarding policy or plans have been made public.

Perception of the DRC review process among the companies and the public has been significantly impacted by its erratic nature and, with the exception of the contract publication, a lack of transparency in the process.

Mr. Genasci concluded his presentation with a number of recommendations for the Sierra Leonean Government's review of mineral rights process, these include:

- Clear Plan and Policy
- Requisite Expertise
- Small Team Headed by the Relevant Ministry and Reporting to the President
- Broad Support by the International Community
- Transparency: Process and Contract Publication
- Input from a Diverse Set of Stakeholders

13 INTEGRATING MINERAL SECTOR REFORM WITH PUBLIC SERVICE REFORM (EMMANUEL OSHO-COLKER, DIRECTOR, PUBLIC SECTOR REFORM UNIT, OFFICE OF THE PRESIDENT)

Mr Coker informed that the Government's strategy to reform the public sector has two main components:

- Focusing on the delivery of important public goods and services that the state has to provide, while transferring the responsibility of providing other services to the private sector where capacity exists;
- Reforming institutional design, organisation development and process management to strengthen public expenditure management and the capacity for delivering these services that will remain in the public domain.

He stated that Government will concentrate on its core functions of policy-making, monitoring the regulatory framework, economic and fiscal policies and the provision of essential services. He then reminded how minerals sector reform fits in with broader public sector reform, as follows:

- Improved fiscal terms and greater institutional capacity will result in increased revenue to Government.
- Government must play a leading role in creating attractive environment for private investment as well as managing its development.
- Government must improve capacity to stimulate, foster and oversee necessary investment in mining exploration.
- MMR & other institutions must be strengthened by way of adequate financial resources and compliance monitoring mechanisms.
- A new law must be enacted & appropriate regulations developed.

- Clear rules, procedures and decision rules must be developed for administering the laws and regulations.
- Greater transparency & level playing ground for all companies must be ensured.

14 STAKEHOLDER RESPONSES

Mark Curtis (Christian Aid) - Mr Curtis stated that every stakeholder in the mining process needs to change:

- **NGOs:** NGOs need to develop a much more sophisticated understanding of foreign investment and the needs of foreign investors. Sierra Leone needs foreign investment but companies must implement Corporate Social Responsibility and make it a reality rather than a public relations exercise. The government must regulate investors to make sure they do the right thing.
- **Government:** The government should very clearly show how Sierra Leoneans will benefit from mining sector reform. Policy is unclear at the moment, leaving lots of questions about tax reform; Koidu Holdings, and how it will attract FDI. Everyone wants the government to take the lead in informing how the ordinary Sierra Leonean will benefit.
- **Companies:** Mining companies must become more transparent and have more impact at the local level. Although Koidu Holdings has become more transparent (including setting up a website), it needs to publicise its financial reports annually. In the case of Sierra Rutile, it is unacceptable that the country's second largest company has its parent company based in a tax haven in the British Virgin Islands. What signal does that send about openness and transparency? The Government must also institute an independent audit of the mining companies.
- **Donors:** DFID should champion tax reform as well as transparency and capacity building. Tax changes could include: (i) raising the royalty rate of Sierra Rutile from 3% to 5%; (ii) the royalty rates for diamonds should also increase along with increased monitoring; and (iii) the government should institute provision for windfall taxes especially with rising costs of food and fuel.

He concluded by noting that the World Bank is withholding \$10 million in aid until the government makes a commitment to implementing the IMF's recommendations of fiscal reform made four years ago. From his knowledge about this proposal, in his opinion, it is fundamentally wrong. Not only is the World Bank intervening at too much of micro level (actually wanting to see the individual details of those fiscal recommendations being implemented), but even some of the recommendations on the fiscal side are not optimal for the country. These are for the Sierra Leone government to decide not the World Bank.

Paul Young, VP of Exploration for African Minerals, reminded that exploration is a risk business, and that for diamond mining, the truth is that for every 1000 anomalies there will emerge approximately 100 projects, from which one may become a mine. He said that De Beers has been prospecting in Botswana since 1955 and the last mine found there was in the 1970s and since then no mine which produces over 1 million carats a year has been brought into production. He informed that DeBeers' annual exploration budget was over \$100 million a year, to give everyone a sense of the

risk involved, and despite this annual investment over each of the last ten years, not a single payable project has been found.

Mr Young then presented the African Minerals perspective:

- **Exploration Timeframes:** Compared to De Beers, African Minerals is a small company listed in London. SLDC, the former name, was set up in 1996. To re-start exploration, funding was provided in 2002/03. They had a mineral right but had no investor until they met Mr Frank Timis who invested \$12 million. The company obtained mineral rights, modern prospecting started in 2004, and they were listed in 2005. The company is often accused that the mineral rights span the whole country like a monopoly, but a great deal of work has been put into every single licence and over \$100 million has been spent over the last five years. The company is now at the stage of major relinquishment, giving up 50% of the ground holdings and upgrading what they retain to exploration licence status. Although ground will be relinquished, the cost of their mineral rights will not undergo any significant change.
- **Revenue Generated:** No revenue has been generated; the risk involved is so high. African Minerals is likely to have a scope of work in Tonkolili by the end of 2008. This will be an inferred resource. Feasibility combined with work on railroads and infrastructure could take another 2-3 years at least. Any other major mining programme starting from scratch would take a far longer time. Tonkolili could be producing 20 million tons of ore a year. Most of the large companies such as Rio Tinto and BHP, which are far more risk averse, would take 10-12 years on that project.
- **Other Commitments Made to the Country:** A Laboratory has been built in Bo, which is a state-of-the-art, kimberlite mineralogical laboratory. Kimberlite is still sent out for examination to a 3rd party, without which it cannot be accepted on the market. Another laboratory built in Tonkolili in the last 6 months now handles all gold, base metal and iron ore samples. This is now being expanded so African Minerals can actually do initial iron ore percentage determination of samples on site.
- **Capacity** – There is a severe lack of capacity, especially geologists and mining engineers, all over the world. There is fear that the only African Minerals geologist being trained in Australia may be offered a job there. Here he earns \$1,500 dollars a month, while in Australia he will earn between \$8,000 – \$10,000 USD per month plus benefits. There is only one solution, and that is long-term – that companies with a long-term tenure in this country come together and actually develop an industry-wide training programme. In South Africa, this is coordinated by the Chamber of Mines and similar bodies exist elsewhere. It cannot be done by any individual company. Cooperation with government and educational institutions are not enough for the entire industry's problems.

Mr Young concluded that African Minerals is pleased to be in Sierra Leone as this their major area of operation. They are interested in nickel in the Gari Hills where drilling and trenching have commenced, have interest in uranium, and still have interest in regional gold anomalies. They need to follow up and refine, there are also iron ore projects and the operations on the Bafi River sampling for diamonds. The company agrees with the need to review mineral rights, and the mining industry must organise itself into a single voice.

The following is a verbatim presentation.

Sulay Kamara: Social integrity is important in the process of negotiations which should be done in good faith. Selfish interest will only bring down the economy again.

Abu Brima: Lack of capacity/lack of knowledge of governments should be taken into consideration. These companies are not subject to international self-regulatory mechanisms.

Civil Society Representative: Re: the Rutile Banana project: civil society has no knowledge about the details – land tenure, export provision, amount of income to be generated, etc. Has the contract been awarded? Has permission been given for start of planting? Many senior government officials know nothing about this. Has land been allocated?

Businessman, Mr. Sisay (Titanium Resources Group): What are our expectations for the mineral rights review? The emphasis has been on benefiting Sierra Leone and revenue collection etc. A holistic approach must be taken. Too much focus on short-term revenue collection versus long-term view might not be in the best interest of Sierra Leone. That should be taken into account as expectations are set. The declining stock price will be changed over time. Negotiators from Sierra Leone must carry out this process in good faith, and a new and better approach to governance must be taken.

Campaign for Just Mining - National Chairman: Environmental degradation is appalling. Lakes cannot be easily converted to aqua culture because they are unhealthy. Sierra Rutile has a huge tax holiday up to 2014, which does not help.

Aliou Sesay, Commissioner General of the National Revenue Authority: Benefits to Sierra Leone. The resources are finite so we are talking about benefits covering short and long term conditions which have changed since the time they were fixed. Our government can benefit maximally from the operations and also ensure that private companies do not lose. The private sector wants to maximize gains but need to understand that the people and government are the owners of the resources. Capital protection is important.

Another Participant: On the issue of capacity, many think that it is government's responsibility to build capacity while the private sector makes use of it. The private sector itself shares the responsibility to build capacity. African Minerals Limited expressed fear of losing someone who had been sent for training to more fertile ground. But the private sector can support the university in relevant disciplines that will be a long-term holistic approach to the problem. Resources can be pulled for the training of 10-29 students over a long period, so the government will be able to retain some, some can still serve the private sector. Without incentives of scholarships etc. students will not pursue these options but soft options like Economics and Accounting which offer better chances of gainful employment.

Member of Parliament for Constituency 25, and Chair of the Mineral Resources Oversight Committee in Parliament: Weaknesses within this system discovered as we visit the mining sites should be quickly corrected or severe penalties will be faced. Excuses are not in our interest. Issues can be taken to Parliament. Information and witnesses can be brought from overseas under the 1991 constitution. The interest of the people is paramount in this matter. They are not to be exploited.

Representative from USAID: Many problems arise from a lack of information and lack of knowledge by all stakeholders – very wide gaps exist here. Someone must be responsible for

disseminating all relevant information to all the different stakeholders. Government has its own part to play, the companies have greater responsibility and capacity to disseminate information, and they have a system of informing the public through their Public Relations Officers.

16 CONCLUSIONS AND WAY FORWARD

The following was provided in closing.

Herbert M'cleod (Strategy & Policy Unit, Office of the President)

Mr M'cleod suggested that we do not expand scope at the expense of depth. This is just the beginning of the exercise. In-depth discussions must not be held with different stakeholder on issues raised here, and proposals made. It is hoped that the ministry will take the lead in this and take a comprehensive approach, and come up with innovative solutions. Attention was drawn to the realities of the mining sector – the death of information, the lack of capacity in public and private sector, the danger of raising expectations, the risks involved for which takers are entitled to benefit, greater risks but higher returns. They must be prepared to share the returns equitably and fairly, provided some steps are taken, in ensuring predictability, fairness, training facilities, etc. The Ministry needs to revisit its mandate and functions -a restructuring is absolutely necessary to incorporate some private sector functions but consistent with overall government policy. A new paradigm for minerals is needed from involvement of stakeholders, especially the communities.

Grant Wilson (Director General of the Ministry of Mineral Resources Mines)

Need to ensure effective monetary policies to reverse/minimise the chance of resource curse.

Mohammed Mansaray (Director of Geological Survey)

The Ministry must generate its own income and pay its employees competitive salaries to retain them. Need to examine the existing Mines and Minerals Act and the Draft Law Reform Commission Bill to find ways for embodying the reforms. The mining agreement review process must be fast-tracked, and information passed on to investors to allay their fears.

John Sisay (Executive Director, Sierra Rutile)

Refunds have been committed now, so there is need for transparency between all parties. It is in the companies' interest to see benefit for the country as well. The Government needs to make a public statement about the reform process.

Abu Bakarr Jalloh (Minister of Mineral Resources)

All that has been said here is in line with the ECOWAS and World Bank position as regards reforms in the mining sector. A company called Cluff Gold has recently been issued a mining licence, and the deposit has been found to be economically viable and by 2010 we should be producing \$200 million worth of gold every year. So the GDP will increase.

A.R. Wurie (Director of Mines)

Next step is for the Ministry of Mineral Resources to develop a prioritised action plan.