

Government of Sierra Leone



**MANAGEMENT AND FUNCTIONAL REVIEW
OF THE
MINISTRY OF MINERAL RESOURCES**

**Project : Management and Functional Reviews Across the Full
Range of Government of Sierra Leone Ministries**

Sponsored by
DFID CNTR 04 5564

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supported by **Public Administration International**

in partnership with **CoEn Consulting**

Freetown, October 2005



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**GOVERNANCE
REFORM
SECRETARIAT**

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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

ACC	- Anti-Corruption Commission
ACCA	- Association of Chartered Certified Accountants
AfDB	- African Development Bank
AM	- Artisanal Mining
BSL	- Bank of Sierra Leone
CMP	- Core Minerals Policy
CIU	- Central Information Unit
CJM	- Campaign for Just Mining
CPD	- Continuous Professional Development
CSO	- Civil Society Organisation
DFID	- Department for International Development
DFID DSP	- DFID Diamond Sector Project
EMT	- Executive Management Team
ENCISS	- Enhancing the Interaction and Interface between Civil Society and the State to Improve Poor People's lives project
ES	- Establishment Secretary
ESO	- Establishment Secretary's Office
GGD	- Government Gold and Diamonds Department of the NRA
GOSL	- Government of Sierra Leone
GRS	- Governance Reform Secretariat
GSD	- Geological Surveys Division, MMR
HIPC	- Heavily Indebted Poor Countries
HR	- Human Resources
HRD	- Human Resource Development
HRMD	- Human Resource Management and Development
HRMO	- Human Resource Management Office
IDM	- Illegal Diamond Mining
IFMIS	- Integrated Financial Management Information System
IMF	- International Monetary Fund
IMT	- Inclusive Management Team
IRMT	- International Records Management Trust
IT	- Information Technology
JSDP	- Justice Sector Development programme
LMS	- Large-scale Mining Sector
MA 1996	- Minerals Act 1996
MAB	- Minerals Advisory Board
MEST	- Ministry of Education, Science and Technology

MDAs	- Ministries, Departments, Agencies
MoF	- Ministry of Finance
MFR	- Management and Functional Reviews
MiD	- Mining Division, MMR
MLGCD	- Ministry of Local Government and Community Development
MM	- Mines Monitors
MMOF	- Mines Monitoring Fund
MMR	- Ministry of Mineral Resources
MTEF	- Medium Term Expenditure Framework
MW	- Mines Wardens
NRA	- National Revenues Authority
NGO	- Non-governmental Organisation
OAG	- Office of the Auditor General
PAI	- Public Administration International
PDA	- Peace Diamonds Alliance
PKF	- Parnell Kerr Forster Accountancy
PRSP	- Poverty Reduction Strategy Paper
PSSAM	- Policy on Small Scale and Artisanal Mining
RBEC	- Regional Bureau for Europe and CIS
RM (RMT)	- Records Management (Records Management Team)
SES	- Senior Executive Service
SL	- Sierra Leone
SLP	- Sierra Leone Police
TA	- Technical Assistance
TDA	- Technical Diploma in Accounting
TOR	- Terms of Reference
UK	- United Kingdom
USAID	- United States Agency for International Development
UMU	- United Mineworkers Union
UNDP	- United Nations Development Programme
UNICEF	- United Nations Children's Fund
WB	- World Bank

EXECUTIVE SUMMARY

1. As part of the Government of Sierra Leone's (GOSL's) programme to promote good governance in the management of public services in order to restore efficiency and improve service delivery to the population, the UK Department for International Development (DFID) are funding reviews across all government ministries over a three-year period 2005 – 2008. These reviews are part of an integrated programme funded by DFID and delivered by Public Administration International (PAI) with its partners the International Records Management Trust (IRMT) and Co-En Consulting. The wider programme includes modernising the Establishment Secretary's Office to create a Human Resource Management Office (HRMO) and a Records Management component supported by PAI partner the International Records Management Trust (IRMT). This report covers the Management and Functional Review (MFR) of the Ministry of Mineral Resources (MMR).
2. During the 10-year rebel war, mining operations came to a standstill and rebel factions seized control of the sector, using diamonds and gold to fund their forces. Currently, the mineral sector is beginning to recover with increasing diamond exports, large scale Kimberlite mining showing its first exports, and the start of large scale (LSM) rutile mining. Bauxite and iron ore mining are likely to recommence shortly. Four to five large-scale mines are predicted to be operating by 2008. The MMR is widely regarded as having the potential to be the greatest contributor to the country's GDP.
3. However the sector continues to be faced with problems, especially relating to artisanal mining (AM). There are abundant deposits of alluvial diamonds, gold, and other precious minerals in the country. The AM sector poses two challenges for the MMR. Firstly, it employs most of the 100,000 estimated jobs in the mining sector, but in the majority of cases only on subsistence wages. AM miners are among the poorest people in the country and there are problems of child labour and livelihood vulnerability in the sector. Secondly, the sector poses a security problem both nationally and internationally. AM takes place in areas that are large, insecure and difficult to control. There is evidence that the illegal diamond trade in SL has contributed to funding international criminal and terrorist activity. Gold smuggling has been less researched, but is a serious problem for the government.
4. The MMR's remit in regulating the mining sector therefore goes beyond maximising tax revenue for the nation to include social development/poverty alleviation and establishing government control, law and order for both national and international security. However, the MMR faces problems at every level of its operation.
5. The MFR team found that the statutory framework based on the Mines and Minerals Act 1996 within which the MMR operates was seriously wanting in a number of key areas including investment, health, safety, environmental and social development issues. There is in addition no link between the law, statutory responsibility, and competency in the Act, so the law cannot define responsibility, and the ministry cannot certify its officers as fit to enforce or apply the law. These problems with the law have given rise to the MMR's practice of adjusting policies and the Mining Code to meet new contexts and requirements. This has resulted in

gaps between the law and the regulatory provisions. The Regulations are almost non-existent, and defined in two short (less than 10 pages of A4) documents. In contrast, the regulations for the mining sector in South Africa are 33000 pages, representing comprehensive, detailed coverage of every operational aspect of the industry.

6. The MFR team recommends a fresh start in creating an effective statutory framework for the mining sector in Sierra Leone. The law needs to consider and balance the conflicting interests of the industry's stakeholders, effectively deal with environmental and human rights protection, and enable better inward investment. Simplification is needed to ensure smooth implementation of procedures. With DFID and World Bank (WB) assistance, the MMR developed a Core Minerals Policy (CMP) in 2004 after consultation with private sector and civil society stakeholders. The CMP 2004 is a well thought-out and comprehensive document that clearly states the MMR's vision and priorities for the mining sector. The MFR recommends that the existing legislation is dispensed with, rather than amended, and that the CMP should be the basis of a new and integrated law that creates a sound statutory framework for the minerals sector and the MMR. This law should be the basis of comprehensive, detailed Regulations, with statutory procedures for amendment.
7. Sierra Leone's post-conflict status has led to a cautious attitude among potential large-scale investors to the mining sector. This has resulted in the unsatisfactory situation of ad hoc individual tax concessions for investors. The MFR recommends that the CMP 2004 provides a basis for establishing a policy framework that can detail guidelines on the appropriate level of tax incentives for investors. Given SL's post conflict status, it will be inevitable that serious investors seek favourable and individual agreements. However, the CMP can provide the basis for a designing general mining investment regime within which such arrangements can be made. The MFR notes the urgent need for the MMR to collaborate with the Ministry of Trade and other MDAs in ensuring that the National Investment Code incorporates the requirements of the mining sector.
8. The implementation of the MMR's functions is presently confused. Support functions are triplicated, with each division having its own accounts, personnel and support unit. Besides being inefficient, this arrangement is unconstitutional. There is no internal audit, a critical failing for a major revenue generating ministry, and no procurement committee. The Administration Division is at present in charge of mines monitoring, which is not a support but a professional function. In practice, monitoring is managed by the Mines Division at field level. During the MFR process, the ministry agreed to integrate all support functions, including accounts and personnel, under the Permanent Secretary (Administration), and to officially place the monitoring function with the Mines Division. Records management (RM) is a key support function, and has wider commercial and legal implications for the MMR that do not apply to other ministries. During the MFR process, the sister RM project visited the ministry, and found that records were in a deplorable state, being chaotic, destroyed by termites and vermin, with no processes for storing, tracking or labelling, and a lack of access. Such a situation damages prospective investor confidence, especially with regard to the security and confidentiality of commercially sensitive information. The MFR recommends collaboration with the RM team to

consolidate records under the Administration and prepare interim policies until the RM team make their full report and recommendations.

9. The MFR also analyses the revenue generating functions of the Mines and Geological Surveys Divisions. Licensing should be rethought to assess ways of taxing the value and volume of the artisanal sector, and to improve management including reconsideration of functions that could be devolved to elected local councils, and redefining license categories. Areas needing special attention are artisanal gold mining and exploration/prospecting.
10. The Laboratory and Drilling Units of GSD are recommended to be privatised, with the core cartographic function given an operational framework that will allow legitimate private sector contracting while keeping the section within public ownership and control. A large amount of donor-funded technical assistance (TA) will be required to design, plan and manage these changes in both professional divisions.
11. There is an existing gap between the functions of the MMR defined in the CMP and what the ministry currently does. The CMP is a new policy that provides a blueprint for the future role of the MMR, but up until now the processes of setting policy and carrying out resultant functions has been reactive and ad hoc. During the course of the MFR, the ministry set up a Change Management Team consisting of top-level staff, and it is recommended that this continue as the MMR's policy planning unit. The MFR identifies new functions for the MMR to meet the requirements of the CMP.
12. The staffing situation within the MMR threatens both the ministry's institutional survival, and the ability of the government to regulate the sector. This is of critical importance to Sierra Leone given the poverty and security dimensions of mining. Almost all the qualified senior tier will be retired within the next five years, and a significant number of middle-level staff will also retire. There are no mining engineers or mineralogists being produced by the universities (who do not run the requisite courses) and only three to four geologists produced per annum. The MFR makes medium term recommendations to address this situation, but in the short term massive donor TA including salary support and long-term contracted senior staff will be essential to keep the MMR going. Design of this TA should be in partnership with the MMR. The MFR also makes recommendations to improve lower level staffing, including bringing Mines Monitoring Officers into the public service. A number of recommendations are made on collaboration with the sister Human Resource Management project on manpower planning, and training/continuing professional development.
13. Implementation of the CMP 2004 strategic objectives requires that the MMR not only has the human capacity to carry out required functions, but that it has the necessary equipment and resources as well. The ministry lacks equipment and material resources. It will be necessary for there to be a significant investment in upgrading all units of the GSD to be viable for privatisation and to be able to deliver the quality and range of services expected and required by serious investors in mining and exploration. A mining cadastre system is currently being introduced in the MMR, with the pilot stage being tested in Kono District. This requires a heavy introduction of networked IT. The MFR recommends an analysis of peripheral equipment, resource and capacity requirements for the Cadastre, and

donor support in meeting these. Within the Mines Division, there is an immediate requirement for logistical support to the inspectorate. The priority is to supply motorbikes, and the MFR team recommend that an allocation from the Essential Equipment Fund (GRS/DFID) is used for this purpose.

14. The MMR is geographically split in its Headquarters location, with Mines and Administration Divisions being located in Youyi Buildings, Brookfields, and the GSD in New England. Given that privatisation is a medium term objective and that it is impossible to relocate GSD, the MMR plans to relocate Administration/Mines to New England, and will prepare architectural drawings for a new building within three months of the end of the review process.
15. The MMR is making efforts in improving communications with its stakeholders by setting up a Public Information Unit. These stakeholders have diverse and sometimes divergent interests in the minerals sector, and comprise a wide spectrum of organisations from the public, private, and third sectors. Managing communications with them is difficult because of their diversity, different agendas and interests relating to the mining sector. These difficulties are compounded and exacerbated for the MMR by its lack of resources and manpower. While communication with the private sector is generally good, with the general public relations are much worse. Civil society is partly to blame, with poor substantive knowledge and analysis of issues, but the MMR has been guilty of poor communication and reluctance to address civil society's concerns.
16. Implementing the objectives of the CMP 2004 will require, on occasion, driving difficult changes. The MFR recommends that the planned Information Unit be upgraded to become a Public Relations Unit (PRU), with the functions of managing public relations, and creating public and stakeholder awareness and understanding of ministry policies. As such, the PRU will be a key change management tool for the MMR.
17. The MFR makes a number of recommendations on wider issues. A change in the composition of the Minerals Advisory Board is recommended, to give a broad enough base of expertise covering the issues dealt with in the CMP, and to meet the existing requirement of advising on investment to the mining sector. Regeneration of the Chamber of Mines and the creation of a Mining Institute are recommended as platforms for communication with the government and for building professional standards in the mining industry respectively. It is also recommended to carry out a Sustainable Livelihoods Analysis with a donor partner of the AM sector. Having a clear and comprehensive picture of the AM sector from a livelihoods perspective as opposed to an economic or technical one (the MMR's natural focus) will provide a sound basis for the ministry and the government to design truly effective policies for reducing poverty and vulnerability among mine workers. Such a picture could inform decisions on decentralisation of functions, targeting of support and MMR services, and protecting children's rights, for example. It may also reveal factors contributing to violence and instability through a consideration of institutional and vulnerability contexts. Other recommendations deal with addressing the lack of qualified graduates in mining disciplines in the medium term through working with the Ministry of Education, Science and Technology, the universities, regional and international institutions, and donor partners.

LIST OF RECOMMENDATIONS

Recommendations on statutory, strategic policy/management, and wider context issues

1. **We recommend** that the existing legislation is dispensed with, rather than amended. The Core Mineral Policy should be the basis of a new and integrated law that creates a sound statutory framework for the minerals sector and the MMR. **The MMR should direct the Law Reform Commission on this.** The resulting Act should be concise, and concentrate on defining authority, responsibility and competency. (8.13)
2. **We recommend** that the resultant legislation form the basis of regulations for the mining sector. These should be comprehensive, detailed, and should become part of the Act (as is the case in many countries). **Making amendments to the regulations should be allowed, but only after the proposed amendments have gone through a consultation process and been finally approved by Parliament.** (8.14)
3. **We recommend** that the MMR obtain several copies of the South African Mining Regulations as guides for forming their own regulations. They are published by Butterworths, ISBN 0409028983, at £103 per copy. (8.10)
4. **We further recommend** that the MMR seek external technical assistance to assist them in drawing up these regulations. (8.15)
5. **We recommend** that external technical assistance is sought to assess fiscal incentives with appropriate controls to attract investors into the mining sector. (8.23)
6. **We recommend** that **immediate communication and dialogue** is established with the Ministry of Trade and Industry, the NRA, and any other key stakeholders in order to ensure that the requirements of mining investors and the objectives of the CMP are built in to the general national guidelines attracting external investment. (8.26)
7. **We recommend** that the CMT is continued after the MFR in order to implement recommendations made in the review and also to begin to implement other policy issues arising from, for example, the CMP. (8.34)
8. **We recommend** that the MMR together with a donor partner carry out a thorough national Sustainable Livelihoods Analysis (SLA) of the artisanal mining sector for both diamonds and gold. The SLA should be undertaken by a multidisciplinary team, including technical expertise in the mining and marketing sectors, and should be in partnership with MMR staff. The end product will be a key policy tool for the MMR in addressing poverty and insecurity in the sector, and in targeting ministry services effectively. (8.213)
9. **We recommend** that government representation on the MAB be reviewed and greater representation given to other stakeholders, including professionals from the private sector, the Union of Mine Workers, and civil society. (8.217)

10. **We further recommend** that the MAB should be free to choose its own Chairman (rather than this position being mandated by the Act). This will strengthen the Board, and thus improve its advisory function. (8.218)
11. **We recommend** that immediate communication is established with the MEST to ensure that the next round of overseas scholarships includes a large quota of mineralogists and mining engineers. Sponsored students would need to be bonded to the MMR for a period on graduation. (8.222)
12. **We recommend** that that the Chamber of Mines, investors and companies whose needs are likely to grow (such as Sierra Rutile) should be consulted to try and establish the numbers of graduates required for each discipline over the next few years. (8.223)
13. **We further recommend** that companies should provide summer vacation jobs for graduates. (8.224)
14. **We recommend** that designing and implementing awareness raising strategies for careers in mining should be done as a priority, and should be one of the first tasks given to the PRU. (8.226)
15. **We recommend** that part of the package of tax and other benefits to mining investors should include conditions relating to sponsoring nationals in these key areas. (8.228)
16. **We recommend** that the MMR start discussions with Fourah Bay College to introduce the needed courses, and facilitate wider discussions with Tarkwa and suitable UK tertiary institutions. (8.230)
17. **We recommend** that the MMR establish contact with international institutions, and develop a plan and timescale for the creation of a Sierra Leonean Institute of Mining. (8.232)
18. **We recommend** that the MMR should start dialogue with the mining community to regenerate the Chamber of Mines.(8.234)

Recommendations on functions and structures associated with functions

19. **We recommend** that the MMR collaborate with the NRA, other relevant MDAs, and key donors to examine possible strategies for regulating taxation responsibilities of businesses engaged in mining, dealing, supporting, and exporting precious minerals from the AM sector (8.39)
20. **We recommend** that the MMR reconsider what functions could be devolved or deconcentrated in conjunction with the relevant local councils. (8.44)
21. **We recommend** that that registration and licensing of AM miners, supporters, dealers and their agents are devolved to District and Town Councils. (8.44)

22. **We recommend** that the MMR considers how best to develop a mechanism which enables the division to charge the private sector for cartographic services at prevailing market rates as a legitimate means of cost recovery. (8.49)
23. **We recommend** that technical assistance is sought by the MMR to design and implement such a mechanism, including addressing wider statutory issues. (8.50)
24. **We do not recommend** that the Cartographic function of the GSD is privatised, because minerals are the property of the state, and the GOSL must maintain state control over granting of prospecting, exploration and mining rights. (8.51)
25. **We recommend** that the laboratory services of the GSD are privatised. (8.55)
26. **We also recommend** that the Drilling Unit is privatised. (8.55)
27. **We further recommend that** these units be upgraded in terms of equipment and staff training, and prepared for privatisation. For example there will need to be private sector accounting systems, marketing and business management capacity as well as up-to-date technical equipment, and trained personnel. (8.56)
28. **We recommend** that the MMR seek technical assistance to plan and implement this privatisation, including capacity building and timescale of the privatisation, and issues of employee protection on transfer to the private sector. (8.58)
29. **We recommend that** the gold assaying function is immediately passed from the MMR to the GDD. (8.60)
30. **We recommend** that the MMR in conjunction with the DFID DSP and other technical assistance as required redefine ASM licenses to include other precious minerals in order to legitimise their extraction, gain more revenue, and better regulate the sector. This recommendation will affect data storage and information within the Cadastre system. (8.66)
31. **We recommend** that the MMR in conjunction with the DFID DSP and other technical assistance as required rationalise the dealer/exporter license system to create a simpler, more transparent system. (8.69)
32. **We recommend** that the requirement to register supporters is included in the new law drafted from the CMP. (8.71)
33. **We recommend** that a proactive approach to registering AM supporters is adopted by all field offices, and that the MMR issue guidelines to field offices on gaining supporter registration. (8.73)
34. **We recommend** that the MMR allocate resources to monitor and regulate gold mining and the gold marketing chain more effectively. (8.76)

35. **We recommend** that the MMR take a firmer line in ensuring that companies, including new investors in the sector, meet and comply with the ministry's requirements on health, safety, social development, and environmental impact. (8.81)
36. **We recommend** that this firm standpoint is expressed more clearly and unequivocally in the CMP Objective 3. (8.82)
37. **We recommend** that **all information relating to Exploration and Prospecting Licenses is integrated, and kept on a unified computer database.** This will include accurate records of license areas through the Cadastre system, detailed company information including investors and shareholders, and continually updated information on renewal and expiry deadlines. (8.85)
38. **We recommend** that where companies fail to renew before 90 days of the expiry of their licenses, the said licenses should be forfeit and the company pays the requisite penalty. (8.86)
39. **We recommend** that developing these mechanisms (to supervise subsidiary bodies) should be in the TORs of the technical assistance engaged in preparing the units for privatisation. (8.88)
40. **We recommend** that mines monitoring, inspection, and licensing become officially the remit of the Mines Division. (8.125)
41. **We recommend** a proposed structure for the MMR at central level in Appendix E (8.133)
42. **We recommend** a structure for the field offices in Appendix E, headed by an Assistant Director, with Geologist and Mines Engineer reporting to the Director. (8.136)
43. **We do not recommend at this stage specific administrative units** to carry out new functions required by CMP. This restructuring should wait until the full report of the records management project, for the technical assistance recommended in Staffing below, and for the physical integration of the ministry at New England recommended in Accommodation below. (8.134)

Support functions and records management recommendation

44. **We recommend** that the decision to integrate all support functions into the Administration is implemented immediately as a priority. (8.92)
45. **We recommend** that in consultation with the RM team, the Administration prepare interim procedures and guidelines, consolidate all records of the Mines and Administration Divisions, and the personnel and financial records of the GSD within the central registry. Technical reports from GSD will continue to be lodged at the New England site for the time being. (8.98)

46. **We recommend** that the MMR is sufficiently resourced in terms of IT equipment, and that the three divisions of the ministry are connected by a Local Area Network to facilitate functioning of the Cadastre system. (8.100)
47. **We recommend** that the Administration adopt a contracting-out policy for IT support, and that clear guidelines are developed and complied with to ensure acceptable payment schedules. (8.102)
48. **We recommend** that the Senior Accountant already posted to the MMR should report to the PS, and be assigned the responsibility of consolidating the accounts as one in the MMR. This action does not change the structure of the budget, which should remain the same. (8.104)
49. **We recommend** that the ministry has one budget committee. The MMR needs to inform and discuss the integration of financial management with the MF's Budget Bureau in order to unify the chart of accounts for the ministry. (8.106)
50. **We recommend** that the MMR produce clear policy and guidelines on the use and administration of the MMF. (8.111)
51. **We recommend** that the Procurement Committee is established, and that members and support staff familiarise themselves with procedures and processes outlined in the Procurement Act 2004. (8.114)
52. **We recommend** that the MMR forms an Internal Audit department as an immediate priority. The MMR should request assistance from the Office of the Auditor General (OAG) and from the DFID support project to the OAG for this and auditors should have an adequate level of qualification and expertise. (8.109)

Staffing and HRM recommendations

53. **We recommend** that once integration of support has happened, the Administration work with the HRMO project to develop effective HRMD strategies and processes. (8.116)
54. **We recommend** that a senior executive heads the ministry, unifying professional and administrative functions in one post of Director General. The professional and administrative directors report directly to the Director General. (8.121)
55. **We recommend** a large input of technical assistance (TA) to the MMR in terms of filling the senior professional posts when existing public servants retire. This TA should be for a minimum of three years for each post. The MMR, together with the supporting donor(s) should draw up Terms of Reference for the senior posts, including the new Chief Executive Officer position of Director General. (8.141)
56. **We recommend** that the MMR together with the HRM project prepare a manpower plan for staff recruitment. (8.147)

57. **We recommend** that the MMR, HRM project and the donors identify which posts need salary support, and design the support package taking into account predicted levels of future public service salaries in the context of the wider reform going on. (8.148)
58. **We recommend** that the Administration works with the HRM project to redefine its personnel function and set up a Human Resources Management and Development Unit (HRMDU). This should be the locus for the human resource planning outlined in the preceding recommendations.(8.150)
59. **We recommend** that Schemes of Service of all professional staff are rewritten with the assistance of the HRM project, with a view to assessing the correctness of grading. (8.153)
60. **We recommend** that MMOs be institutionalised in the Inspectorate Unit under the Mines Division, with schemes of service and adequate recruitment criteria. (8.158)
61. **We recommend** that the HRMDU together with the HRM project and the field offices carry out an assessment of the number of MMOs and MWs required and recruit accordingly. **This should not happen before** the MMOs are institutionalised into the Mines Division. (8.161)
62. To clean its personnel base, the MMR should apply a general rule to retire all staff over the age of 60. **We so recommend.** (8.162)
63. We also observed that NASSIT forms are still being held in the MMR, and it would be in the ministry's own interest to forward them to NASSIT. **We so recommend.** (8.163)
64. **We recommend** that the Administration's HRMDU together with the HRM project assess training needs in the divisions, plan immediate and short term training programmes, and develop medium and longer term programmes of CPD. Due note should be taken of the proposed privatisation of laboratory and drilling units in the GSD. (8.167)
65. **We recommend** that training programmes for units to be privatised should be undertaken after the recommended TA has assessed their capacity needs when privatised – this might include business and marketing related training for example, as well as updating technical skills. (8.168)
66. **We recommend** that the Administration in conjunction with the UNDP trainers assess areas where there may need to be peripheral training to support the functioning of the Cadastre system. (8.170)
67. **We further recommend** that once these areas are identified, the MMR request UNDP or another donor's assistance in supplying the necessary training to staff. (8.170)
68. **We recommend** that once the law and regulations are written, MMOs are trained abroad, on certified courses that meet the GOSL's competency

requirements as defined in the new law and until such time as training can be delivered in country (8.174)

Recommendations on equipment and accommodation

69. **We recommend** that the MMR seek private partnerships to invest in the upgrading of laboratory and drilling units. (8.178)
70. **We recommend** TA to design an operational framework for public- private partnerships with the laboratories that will ensure fair and equal access to services for all companies in the mining sector. If the operational framework is not well-designed, it would be possible for the private sector partner to establish a monopoly, with adverse effects on inward investment. (8.179)
71. **We recommend** that the MMR request the donors supporting the implementation of the Cadastre to assess the peripheral equipment requirements of the MMR. **We suggest** that the donors then agree a support package to meet these requirements. (8.182)
72. **We recommend** that following the assessment of the manpower requirement for MMOs and MWs, an allocation from the GRS Essential Equipment Fund is used to purchase an appropriate number of motorbikes for their official use (8.184).
73. **We recommend** that the MMR commission the Government Architect to submit drawings to Cabinet for approval by the end of November 2005. (8.187)
74. At Field Office level, **we recommend** that the accommodation in Kenema needs to be refurbished. While the Bo Office is too small, it is managing, and there are other priorities for the ministry to address before considering enlarging this office. (8.188)
75. **We recommend** that enlarging the Bo Office is considered as a medium term priority. (8.188)

Recommendations on communication with stakeholders

76. **We recommend** that the MMR reintroduce monthly stakeholder meetings including the Union Mineworkers and the CJM. (8.201)
77. **We recommend** that the MMR also include a representative from the ENCISS programme in these meetings. This person can help facilitate better communication by civil society organisations with the MMR. (8.202)
78. **We recommend** that the information unit be renamed a Public Relations Unit, with the functions of managing public relations, and creating public and stakeholder awareness and understanding of ministry policies. (8.207)
79. In view of this change management function **we recommend** that the PRU report directly to the Director General as shown in the proposed organogram for the MMR in Appendix E. (8.209)

MAIN REPORT

1.0 INTRODUCTION

- 1.01 As part of the GOSL's programme to promote good governance in the management public services in order to restore efficiency and improve service delivery to the population, the UK Department for International Development (DFID) commissioned a pilot series of management and functional reviews (MFRs) of five key Ministries in 2002. These reviews were endorsed by the Steering Committee on Good Governance, and their recommendations approved by Cabinet in 2002.
- 1.02 Following on from these initial reviews, DFID are funding reviews across all government ministries over a three-year period 2005 – 2008. These new reviews are part of an integrated programme funded by DFID and delivered by Public Administration International (PAI) with its partners the International Records Management Trust (IRMT) and Co-En Consulting. The wider programme includes modernising the Establishment Secretary's Office to create a Human Resource Management Office (HRMO) and a Records Management component supported by PAI partner the International Records Management Trust (IRMT).
- 1.03 This report covers the Management and Functional Review (MFR) of the Ministry of Mineral Resources (MMR).

2.0 TERMS OF REFERENCE

- 2.01 The following terms of reference were agreed for the study:

1. **Review and redefine the ministry's mandate.**

Objective: Review and redefine the mandate and role of the ministry to ensure that it directly relates to and is consistent with the development objectives of Government, including the consequences of decentralisation, the devolution plans of the ministry, budget reforms and its role in the Poverty Reduction Strategy.

Output: Redefined mandate of ministry, vision and mission statement, functions of ministry.

2. **Review of organisational structure.**

Objective: Review organisational structure to determine how the functions and responsibilities of the various units relate to the achievement of the mandate and mission of the ministry.

Output: Reviewed and redefined organisational structure setting out functions, responsibilities and priority areas of the units within the ministry.

3. **Review of administrative procedures.**

Objective: Review administrative procedures, processes and facilities to determine efficiency and effectiveness in delivering mandate and mission.

Output: Recommendations on changes required to administrative procedures to enhance decision making and delivery.

4. **Existing staff inventory and staff requirement for ministry**
Objective: To document existing staff inventory, qualifications and skills, undertake any sample job inspections, additional job analysis and evaluations, develop selected job descriptions and establish the future staffing requirement with necessary skills to achieve the mandate and perform the functions identified.
Output: Detailed existing staff inventory, job descriptions and detailed staff requirements which can be used for manpower planning.

5. **Staff rationalisation**
Objective: Determine the “fit” between existing and future staff requirements of the ministry.
Output: Detailed information on the rationalization of staff to be retained, retired, devolved to local government and retrenched.

6. **Communication**
Objective: To review the pattern of communications between the ministry and the public to assess whether their interests are being satisfactorily communicated to the ministry and whether ministry decisions and policies are being satisfactorily communicated and understood.
Output: Recommendations on improvements in communications.

7. **Equipment estimates**
Objective: To support ministries in the preparation of estimates of equipment required for supply from the Essential Equipment Fund.
Output: Equipment estimates.

2.02 The study was focussed on the functions, structures and administrative arrangements of the Ministry and the staff employed directly in support of these activities at central level and in the field. While it comments on common issues relating to the Gold and Diamond Department (GDD) of the National Revenue Authority (NRA) it did not analyse the working arrangements or staffing of that body.

3.0 ORGANISATION OF STUDY

3.01 We met the Minister of Mineral Resources and his senior officials in July 2005 prior to the start of the review to discuss the background and parameters of the study. Meetings were subsequently held with the Director of Mines, the Director of Geological Surveys and the Permanent Secretary to discuss arrangements for conducting the review and to confirm the methodology to be used during the fieldwork stage of the exercise. It was agreed that the main source of data collection would be questionnaires and interviews. Forms were completed by senior staff initially, with these officials taking responsibility for getting mid-level staff to complete questionnaires. Follow-up interviews were held with all Directors or acting heads of Divisions, and post holders responsible for providing central support services in the organisation. A small Change Management Team was formed consisting of the Directors and the PS, and met weekly to review progress, gain consensus on the MFR, and make preparations for implementing agreed recommendations. We subsequently interviewed subordinate posts where it was necessary to obtain a clearer picture of activities and working arrangements in the MMR. Interviews were also held with ministry staff at Regional and District level in each of the three Provinces.

- 3.02 The questionnaires (Appendix A) were used as the basis for structured interviews. Completed questionnaires and the interviews gave a picture of the functions, structures, and working arrangements of the MMR. Strategic, management, external relations and resource issues were covered. The names of the people interviewed at the MMR are listed in Appendix B.
- 3.03 Interviews were also conducted with officials from the Establishment Secretary's Office (ESO), Ministry of Finance (MOF), National Revenue Authority (NRA), Gold and Diamonds Department (GGD) of the NRA, the Anti-Corruption Commission (ACC), and other central government agencies, as well as representatives from the DFID Diamond Sector Project (DSP), United States Agency for International Development (USAID), World Bank (WB), various civil society and non governmental organisations, and stakeholders from the private sector. The names of those concerned are also listed in Appendix B.
- 3.04 In addition to interviews and meetings, we collected information on workloads, numbers of staff, and vacancies when this information was available, as well as relevant reports and documents that could assist with the review. Details of these are given in Appendix C.
- 3.05 We discussed issues and findings arising during the review process with the ministry's Change Management Team on a weekly basis in order to gain their input into the review, consensus on recommendations, and make them aware of any contentious points arising before going to publication.
- 3.06 The fieldwork stage of the review was undertaken between the 1st August and the 9th September 2005.

4.0 **RESPONSIBILITY**

- 4.01 Although this report has been commissioned by DFID under British aid arrangements, the British Government bears no responsibility and is not in any way committed to the views and recommendations expressed herein.

5.0 **ACKNOWLEDGEMENTS**

- 5.01 We are very grateful for the support and facilities provided by MMR staff, and in particular the assistance given to the team by Mr Femi Kamara, Assistant Director of Mines. We are also grateful for the support, interest shown and advice given by Mr E. B. Osho Coker (Coordinator of the Public Service Reform) and Stephen Catchpole (Coordinator of PAI and Project Director), GRS Staff and Lansana Boima (Administrative Officer PAI), and Paul Temple, MSI, Conton Sesay, GRS Governance advisor. We also wish to thank the Hon Minister, Mr Deen for sharing his valuable insight into the workings of MMR. We are particularly grateful for the invaluable assistance provided throughout by Dr Jan Kettelaar, the DFID Diamond Sector Advisor to HE the President.

6.0 BACKGROUND

- 6.01 The MMR has long had the status of highest contributor to the Gross National Product (GDP) of Sierra Leone (SL) and after the 10-year rebel war it is still looked at as the sector with the greatest potential to regain this position.
- 6.02 In the 1960s and 1970s the mineral sector provided the country with over 70% of foreign exchange earnings, 20% of GDP and 15% of fiscal revenue. During the rebel war, mining operations came to a standstill. Large scale mining (LSM) ceased, with the destruction of materials and equipment at the rutile, bauxite and iron mines and 'Blood Diamonds' became an international issue.
- 6.03 Currently, the mineral sector is beginning to recover. Exports of diamonds are increasing (\$126.65 million in 2004 – an increase of 67 per cent from 2003), with large scale Kimberlite mining showing its first exports. Further growth is expected this year with the start of large scale (LSM) rutile mining and possible bauxite and iron ore mining. The MMR expects that there will be four to five large-scale mines operating by 2008.
- 6.04 Sierra Leone's mineral deposits have the potential to take the country out of its poverty. However the sector continues to be faced with problems emanating from without and within.
- 6.05 A major factor giving rise to these problems is the unique character of the artisanal mining (AM) of alluvial precious minerals in SL. This report refers to artisanal mining, rather than the usual international practice of referring to artisanal and small-scale mining (ASM), because the Government of Sierra Leone recently redefined small-scale mining as industrial in the 2005 Policy on Small-Scale and Artisanal Mining (PSSAM 2005). Alluvial diamonds are widely and abundantly distributed across large areas of the country. While diamonds are the main focus of everyone's attention, alluvial gold is as plentiful, and there are also abundant deposits of garnet, tantalite, columbite, and corundum. The AM sector poses a double challenge for the government.
- 6.06 Firstly, it is a key target area for the GOSL's strategic poverty reduction objectives. The AM sector employs most of the 100,000 estimated jobs in the mining sector, but in the majority of cases only on subsistence wages (SL Poverty Reduction Strategy Paper 2004 (SL PRSP)). AM miners are among the poorest people in the country. In addition there are problems of child labour and livelihood vulnerability in the sector.
- 6.07 Secondly, the sector poses a security problem both nationally and internationally. AM takes place in areas that are large, insecure and difficult to control. During the war, rebel factions seized control of the sector, using diamonds and gold to fund their forces. There is evidence that the illegal diamond trade in SL has contributed to funding international criminal and terrorist activity. Gold smuggling has been less researched, but is a serious problem for the government. In 2004 official gold exports amounted to only 11.34 million Leones (less than \$5000).

- 6.08 The MMR's remit in regulating the AM sector therefore goes beyond maximising tax revenue for the nation to include social development/poverty alleviation (in line with the SL PRSP) and establishing government control, law and order for both national and international security.
- 6.09 Several policy initiatives have been tried in the past but with reference only to improving the mining industry not the regulatory body, which is the MMR. Recent donor support to the sector includes a DFID-funded diamond sector advisor to HE the President, and EU technical assistance to Sierra Rutile.
- 6.10 In February 2004 the Core Mineral Policy (CMP), which had been prepared by the MMR, was approved by the GOSL and gazetted.

7.0 **OVERVIEW OF PRESENT ARRANGEMENTS**

- 7.01 The MMR is a revenue-generating arm of government, and is widely regarded as having the potential to be the greatest contributor to the country's GDP. The most recent IMOF Poverty Reduction and Growth Facility Review of SL (IMOF Country Report 04/49) identifies mining as one of the two key current contributors to SL's economy (the other being agriculture).
- 7.02 There are three categories of mining in SL: a) LSM of non-precious minerals (iron, bauxite, rutile), b) LSM of diamonds, and c) AM mining of precious minerals especially diamonds and gold, but also garnet, sapphire, corundum, tantalite, and columbite.
- 7.03 The LSM sectors have the potential to significantly increase employment and reduce poverty, both through the fact that one mining job creates multiple subsidiary jobs, and because in the African context employing one mine worker supports extended dependant networks.
- 7.04 There are also security implications for the work of the MMR. In the view of the Office of National Security (ONS), a major LSM investor, and the DFID DSP while peace is now established in SL, the scale of youth unemployment and public sector corruption still threaten to tip the country back into conflict. Failure to tackle the very difficult challenge of regulating the AM sector will pose dangers to both national and international security.
- 7.05 The MMR has a key role to play in further consolidating peace and political stability by strong and transparent regulation, creating an enabling environment for LSM investment, and ensuring that environmental, human rights, and social development requirements are met within both ASM and LSM sectors.
- 7.06 In fulfilling its mandate as laid out in the CMP 2004, the MMR has a crucial role to play in the economy, security, and development of the nation.

7.07 **STATUTORY FRAMEWORK**

- 7.08 The MMR draws its legal framework from the following Acts of Parliament.

The Mines and Minerals Act 1996

The Income Tax Act
The Companies Act
The Business Registration Act
The Customs Act
The Customs Tariff Act
The Foreign Exchange Control Act
The Cooperative Societies Act
The Environmental Protection Act 2000
The Petroleum Exploration and Production Act 2001
The Local Government Act 2004

- 7.09 The 11 Acts have provisions which impact in their entirety or in part upon investors in the mining industry.
- 7.10 Two other Acts relate indirectly to the sector, being the Factories Act 1976, which is the only existing legislation covering industrial health and safety, and the Money Laundering Act 2005, which relates to the issues of criminal activity linked to the AM sector .
- 7.11 Due to the difficulties and length of time required in amending legislation, the MMR has been in the habit of altering the regulations to adapt to changes in the mining sector. This practice has resulted in a number of gaps between the law and the MMR's regulations.
- 7.12 The ministry has no regulations per se. The Mining Code 2004 and the 2005 Policy on Artisanal and Small-scale Mining (PSSAM) are the nearest thing to regulations in SL. These are not comprehensive and deal mainly with licensing issues.
- 7.13 In 2003 the MMR hosted two workshops organised by DFID (in March) and the WB (in May) whose purpose was to develop a Core Minerals Policy (CMP) for the Mining Sector. The policy has ten strategic objectives for the GOSL, not all of which are solely the remit of the MMR, but also involve other MDAs. These objectives are:
1. *Review and Amend Mining Laws, Regulations and Associated Laws to make them as attractive as possible for investment here rather than in neighbouring countries with similar mineral potential.*
 2. *Strengthen the Institutions that Administer, Regulate and Monitor the Mineral Industry in Sierra Leone to allow the mining industry, especially with respect to the diamond industry to be turned around to become a positive force in Sierra Leone;*
 3. *Attract Private Investments into the Minerals Sector. Encourage private investment to use the implementation of the Kimberley Process as a positive at the forefront of selling diamonds for peace and development properly registered by the Kimberley Process;*
 4. *Develop and Strengthen Human Resources in the Minerals Sector.*

5. *Improve the Regulation and Efficiency of Artisanal and Small-Scale Mines*
6. *Minimise and Mitigate the Adverse Impact of Mining Operations on Health, Communities and the Environment.*
7. *Promote Improved Employment Practices, Encourage Participation of Women in the Mineral Sector and Prevent the Employment of Children in Mines.*
8. *Ensure that Sierra Leone's Mineral Wealth Supports National Economic and Social Development.*
9. *Add Value to Mineral Products and Facilitate Trading Opportunities for Mined Products.*
10. *Improve the Welfare and Benefits of the Individuals and Communities Participating in and Affected by Mining.*

7.14 The CMP has been approved by the GOSL and gazetted. It is a well thought-out and comprehensive document, and covers a number of critical areas and issues that are not encompassed by the existing Minerals Act or the Mining Code of the MMR. The first objective is to encourage investment, with additional policy statements on the environmental and social impacts of mining, health and safety issues. However, the policy is at its early stages of implementation.

7.15 **FUNCTIONS**

7.16 The implementation of the Ministry's functions is carried out through the two professional divisions of the MMR (Mines and Geological Surveys Division – see below). GSD is solely responsible for geological information provision, and has a joint role with Mines in revenue generation, and exploitation issues. Mines is engaged in the monitoring and regulation functions.

7.17 The main revenue generation from the sector comes from the three per cent 'royalty' (technically in fact an export duty) charged on diamond and gold exports collected by the NRA through the GDD, on license fees for exploration, prospecting and mining (including LSM/small-scale industrial leases), and on percentage royalties charged to mining lease holders on the ex-mine value of extracted minerals (five per cent for diamonds, four per cent for gold, and three per cent for other precious minerals) plus a one per cent valuation fee. The three per cent is divided between the Consolidated Fund, an Environmental Rehabilitation Fund, and the MMR's Mines Monitoring Fund.

Geological Surveys Division (GSD)

7.18 The GSD is concerned with providing geological information and related services. These include cartographic services, mapping mineral deposits, and issuing Exploration and Prospecting licences.

- 7.19 Companies engaged in exploration and prospecting are required to submit regular reports to the GSD. Leases and Exploration/Prospecting licenses have to be renewed periodically (every one, two or three years), and application for renewal must be prior to a period of 90 days before the due date.
- 7.20 Of the 65 Exclusive Prospecting Licenses currently held by companies operating in SL, three have expired (all held by Tecsbaco International Corporation Ltd) and there was no information on the validity of another five (four with Olympus Development Company Ltd, one with Lion Corporation Ltd). Renewal applications have to be 90 days or more before the due date. There were no records as to whether renewal application had been received for 11 licenses from seven companies before the 90-day deadline. Of the 15 Exploration Licenses, there was no information held for four licenses (two with Pacific Gold, one each with Gondwana and African Diamonds) on whether the renewal deadline had been adhered to. Information on companies in terms of their shareholders, assets, and business interests is not held or is only partially complete.
- 7.21 Currently, cartography is done by hand. The ministry is piloting a Cadastre system in Kono, with a view to national roll-out in 2006. The implementation of this Cadastre is a condition for WB funding, and delays in implementation during 2004 held up the \$15 million grant to the GOSL until November of that year. Effective implementation of the Cadastre will be a benchmark of further donor support to the GOSL.
- 7.22 The Cadastre system aims to accurately map geological information and demarcate plots for both ASM and LSM, thus meeting the objective of the CMP in providing access to mineral resources.
- 7.23 Laboratory services are chemical and physical analysis, and sample preparation. Services are provided for the private sector at rates of \$5 per sample over 1000 samples, or \$7 per sample under 1000. The price is set in dollars but paid in Leones. These monies are paid into the consolidated fund, but a proportion is used for milk, tea and sugar for staff.
- 7.24 At present, the function of assaying gold for export is being carried out by the GSD, although this is in fact a statutory function of the GDD. The royalty is collected directly by the NRA.
- 7.25 The GSD also has a Drilling Unit which in addition to MMR-related work undertakes construction related projects for the private sector. It was reported that they had never drilled for the government on construction projects.
- 7.26 Work is sporadic, with long periods of inactivity. Previous contracts include rock sampling for construction of the American Embassy (2003), Bank of Sierra Leone, Rokel Commercial Bank, and a supermarket (all in 2004).
- 7.27 The total income for GSD from service provision in 2004 was 1.8 million Leones. For the first 7 months of 2005 it was 3.2 million Leones.

Mines Division

- 7.28 The Mines Division's (MiD) functions are to monitor and regulate mining and marketing of precious, industrial and quarried (building) minerals through licensing and inspection.
- 7.29 Within the MMR, Mines has the most involvement with the AM sector, as it issues licenses to miners, dealers and their agents, and exporters and their agents. It also administers payments from the Mines Monitoring Fund (MMOF) for the rehabilitation of mined out areas and for payment of Mines Monitoring Officers (MMOs).
- 7.30 The Mines Division issues and regulates LSM and small-scale mining leases for industrialised mines. The MFR team observed some overlap and confusion over Exploration and Prospecting licenses. GSD staff reported that such licenses "at times came through the Mines Division, at times through us".
- 7.31 The Cadastre system is also designed to capture transactions in the marketing chain from miner through dealer to exporter. It will thus give the MMR and the GOSL an indication of the value and volume of the precious minerals trade.
- 7.32 **Administration**
- 7.33 The Administration's functions are to provide support services to the ministry, namely personnel administration, accounts and financial management, secretarial services, and records keeping. Under the Constitution of Sierra Leone, the Permanent Secretary heads the Administration, and is the vote controller for the ministry as a whole.
- 7.34 **STRUCTURES**
- 7.35 **At central level:** The Minerals Advisory Board (MAB) is an advisory body reporting directly to the Minister, and providing advice on all aspects of the minerals sector. It currently has no members from stakeholder organisations outside the ministry.
- 7.36 The present organogram of the MMR is shown in Appendix D. The MMR is divided into three divisions, namely Administration, Mines and Geological Surveys.
- 7.37 The Permanent Secretary is the Administrative head and also advises the Minister on policy and administrative matters. The PS is also the overall coordinator of the MMR with fiscal responsibilities as laid down in the constitution. The administrative division has a complement of 27 staff as accounts and administrative support staff. The administration also has 207 staff members as temporary Mines Monitoring Officers (MMOs). This group is dispersed in the regions to monitor mining operations.
- 7.38 The Director of Mines is the head of the Mines Division with direct access to the Minister. His immediate subordinate staff are Engineers who supervise support technical staff. Like the administrative division, the Mines division has its own administrative and accounts staff. This division is the only unit in the ministry

that is decentralised (deconcentrated) to regional level. In all, it has a total of 150 staff members.

- 7.39 The Director of Geological Surveys heads the Geological Surveys division (GSD). The GSD is divided into two wings; General, and Administration and Support Services. The Director and Deputy are part of the latter unit. This unit has only 33 staff members comprising accounts, administrative, and other middle level technical staff. The General unit comprises 50 staff mainly of professional geologists in the various disciplines.
- 7.40 Both staff and civil society agreed that the structure of the MMR at central level is not in line with its functions.
- 7.41 **At regional and district level:** The majority of the ministry's staff and activities are in the field. The current structure of the field offices is shown in Appendix F.
- 7.42 The field offices are in effect extensions of the Mines Division. They are headed by an Assistant Director or Chief Engineer. The Head of the Field Office is directly superior to a Superintendent, who supervises the Mines Wardens, and a Senior Mines Monitoring Officer who supervises the MMOs.
- 7.43 In the Kono Office, a geologist has been assigned from the GSD, and there is also an independent Diamond Valuer providing a free service to ASM miners. The Valuer is employed, managed and paid by the MMR. Provision of this service is a condition of WB loans to the GOSL.

7.44 **WORKING ARRANGEMENTS**

- 7.45 The working arrangements of the MMR are confusing. With each division having its own administration, policies and planning are uncoordinated and not holistic, and the Administrative wing is weakened. In the Mines Division, although functions are clearly defined, work is uncoordinated and distributed amongst officers depending on who is first approached.
- 7.46 In this working arrangement it is not at a glance immediately and explicitly evident what each officer is responsible for and does not clearly delineate responsibilities.
- 7.47 The MMR's internal communication suffers as a result of the geographical split between Mines/Administration and GSD, and the semi-autonomous nature of each division's administration units. This situation has led to a separation of powers.
- 7.48 The MMR has two professional heads with equal power within their divisions. However, as the Director of GS is physically distant from the rest of the ministry, it appears that the Director of Mines is the de facto professional head.

Financial Controls

- 7.49 The PS by the constitution of SL is the administrative head of the ministry and is answerable to the Public Accounts Committee (PAC) in Parliament for any action in the ministry. However, at the MMR, the Administration is the weakest link in the working arrangements. The Directors of Mines and GSD have dual roles of

administering their divisions and at the same time engaging in their professional duties. The PS and her Deputy are not in control.

- 7.50 Although the budget structure is not disaggregated to regional financial authority, each division has its own budget and is controlled by the heads of the divisions.
- 7.51 Internal Auditing does not exist as a Ministry managed function. The service provision is currently performed by the MOF who have a team to cover those ministries without dedicated Internal Audit units.

Human Resource Management

- 7.52 As is the practice in sister ministries, the annual confidential report does not emphasise the process of agreeing individual work objectives and targets within wider ministry objectives as part of the appraisal process.
- 7.53 Because MMOs have no Schemes of Service (SOS), there are no criteria for their recruitment. This means that some of the MMOs are semi-literate, or even illiterate, with corresponding problems in writing reports, checking documentation etc.

Communication with Field Offices

- 7.54 Within the Mines Division we observed that there was quite good vertical communication between headquarters and the regional offices (in contrast to poor *horizontal* communication across the three divisions).
- 7.55 Regional staff were consulted and informed by the centre on a regular basis, with the one exception of the Makeni office, which we observed was somewhat isolated in terms of communication.

7.56 STAFFING

- 7.57 The MMR has a total of 260 professional staff, and 207 temporary staff administered by three separate administrative units.
- 7.58 The MMR over the years has stagnated in terms of increasing its staff to meet the demands of developments in the minerals sector. This might be due to the general freeze on Government employment over the years. However, the MMR might have been more proactive in maintaining some minimum levels of staff.
- 7.59 In the Mines division, the age profile of senior staff shows that within the next five years the ministry will lose four of its eight top level professionals. In addition, 20 of the 102 mid-level staff will have reached retirement within that time.
- 7.60 The Mines Division will thus lose half its leadership, and one fifth of its middle management within five years.
- 7.61 The GSD has one senior staff member over retirement age, with two due to retire within five years. Of the six middle level staff, two are already over retirement age, and one will retire in five years.

- 7.62 The GSD thus stands to immediately lose one third of its senior tier (one half within five years time), and half its middle management within five years.
- 7.63 In the Administration there is a similarly bleak picture. Two of the three senior tier will retire within the next five years. Of the 23 junior staff in the Administration only four will retire within five years (including two of the qualified staff).
- 7.64 The level of qualified staff in the MMR is generally high in the senior tier. In the Administration, the three top position holders have Bachelor's degrees, in the Geological Surveys Division nine of the 14 senior staff have postgraduate qualifications, four are graduates, and one under qualified with an Ordinary Certificate. Mines Division senior personnel comprise five postgraduates, two graduates, and one staff qualified to Diploma level.
- 7.65 At middle level, however, the level of qualification is very low. The Administration has no middle tier – officers are at senior or junior grades.
- 7.66 Of the six mid-level personnel in GSD, only one holds an Ordinary Certificate. The rest are unqualified.
- 7.67 In the Mines Division, all 16 of the Senior Mines Wardens and all 84 of the Mines Wardens are unqualified. The 11 Area Superintendents are poorly qualified, with one Diploma, seven O-levels, one Ordinary Certificate and one unqualified.
- 7.68 At junior level, the majority of staff are unqualified. The Administration fares best, with one Diploma, nine with O-levels, and three with Certificates, leaving 10 out of the 23 staff unqualified. Of the 57 junior staff in GSD, 55 have no qualifications, one has a civil service certificate, and one has O-levels. In the Mines Division, 40 of the 61 junior workers have no qualifications, with the remainder having basic pre-tertiary certificates/diplomas.
- 7.69 The position of the Mines Monitoring Officers (MMOs) of the MMR is anomalous. Most are political appointees paid out of the Mines Monitoring Fund (MMOF). A small number of recent MMO appointments are within the civil service. The political nature of the majority of MMO appointments has meant that the MiD has not been able to set recruitment criteria for these important positions.
- 7.70 Political appointment also results in anomalous line management for MMOs who are currently managed by and report to the PS, but perform de facto roles under the Mines Division.

TRAINING

- 7.71 The MMR does not have a training programme or a training plan. It was reported that before the rebel war, mining companies supported staff to go on training and bilateral support was always available for the training of ministry staff.
- 7.72 The two professional divisions reported a high turnover of professional staff that left as a result of poor conditions of service, and lack of interest shown by young graduates to seek employment in the ministry.

- 7.73 Some middle level and on the job training for Mines Monitors exists, but this training does not have a formal structure, and is sporadic.
- 7.74 There is no Certification in the mining sector in Sierra Leone. This means that technically there is no definition or benchmark of competence within the industry set by the MMR.
- 7.75 The GSD last undertook training for its laboratory staff in 1981. Training for junior staff in the cartographic section was last held in the early 1980s. The last drill training was reported as being even earlier, in the 1970s.
- 7.76 **EQUIPMENT AND MATERIAL RESOURCES**
- 7.77 **General:** The MMR as a whole lacks the basic materials to meet the minimum necessary for monitoring and administering government policy for the exploitation of the country's mineral resources.
- 7.78 As a professional ministry it does not have enough computers to store data and give accurate information on the country's mineral deposits. This situation will be exacerbated by the demands of the Cadastre system currently being piloted in Kono, and which will be rolled out nationally in 2006.
- 7.79 Communications throughout the ministry are very poor. Reliable telephone and, even more important, internet access throughout the country are both lacking. This is true of all MDAs, but is particularly critical for the MMR because of its dispersed operations, and projected reliance on networked data from the Cadastre system.
- 7.80 **Geological Surveys Division:** The GSD is underserved and under-utilised. It does not have the requisite materials to carry out its investigations or scientific studies on rock formation and possible exploration sites. This activity at present is making revenue for the government but this could be increased if the GSD had the required logistics and materials.
- 7.81 The current laboratories have not been upgraded since 1991, when they were installed as part of EU assistance to the MMR.
- 7.82 Laboratories lack up-to-date equipment and reagents. There are two Spectrographic Analysis machines in the sample analysis laboratory, but no one has had the training to use them. It is likely that these machines are also out of date as they were supplied by the EU.
- 7.83 The Drilling Unit has one three-ton drill capable of drilling to 100m, and two smaller drills. There is no wire-line drill, and existing equipment is obsolete, although still functional. There is no equipment to carry out rock mechanics analysis, which is necessary for construction projects.
- 7.84 There are health and safety implications arising from the lack of resources in GSD.

- 7.85 Staff in the Drilling Unit have to use heavy equipment in sometimes hazardous conditions. They do not have safety boots (Wellingtons are used but do not have steel toecaps), protective gloves, or hard hats.
- 7.86 Laboratory staff regularly handle toxic or hazardous chemicals. They do not have enough gloves or lab coats. Breathing masks should be disposed of after one use, but as they date from the 1991 EU support, are re-used for up to two weeks. When this stock runs out, there are no replacements.
- 7.87 **Mines Division:** The MiD generates revenue for the MMR through the licensing of artisanal miners, gold and diamond dealers, registration of supporters, and licensing of exporters. Fees are levied for monitoring and environmental rehabilitation from both miners and dealers.
- 7.88 One of the main functions of the division is monitoring. However, it does not have the logistics to provide transportation for its extension staff in the field who are required to travel long distances.
- 7.89 MWs and MMOs have limited, or in some cases no, transport, and in most cases are reliant on mobile phone communication which is unreliable outside the regional centres, and for which they have to pay out of their own pockets. They are expected to police and support mining and marketing operators who are well equipped with four-wheel drive vehicles and good communications, including in some cases satellite phones or radio sets.
- 7.90 There are 9 motorbikes in the Bo Field Office, 6 of which are working, 5 in Kenema, 16 in Kono, and 12 in Makeni.
- 7.91 **ACCOMMODATION**
- 7.92 At headquarters level, the MMR is physically split in location. The Mines and Administration Divisions are located in Youyi Buildings, Brookfields, with GSD in New England. This arrangement causes communication problems for the MMR between the different divisions.
- 7.93 Accommodation in Youyi is spacious, although there are some problems with erratic power supply.
- 7.94 The GSD has ample space in New England to meet any expansion in the future, however, some of its buildings need renovation before they deteriorate beyond repair. The power supply is reliable as the buildings are well served by a generator, but water supply is erratic.
- 7.95 The library in the GSD is the only geological library in SL, and besides being used by the MMR, is also used by the universities.
- 7.96 Accommodation at regional and district level varies. The office at Bo is structurally sound, but too small. At Kenema, the office requires refurbishment as there is a serious problem with leaks during the rainy season. The Kono office is in good order, and the Makeni office is currently temporarily located in rented accommodation while a new building is being erected.

8.0 ANALYSIS AND RECOMMENDATIONS

8.01 STATUTORY FRAMEWORK

8.02 **General legal and regulatory framework:** There are problems with the existing statutory framework for the mining sector. The number of disparate Acts that apply to the mining sector make it difficult for the investor or the public to fully understand the requirements of the mining industry. This ambiguity makes room for varied interpretations of the requirements, making regulation of the industry problematic.

8.03 The effects of this chaotic situation were observed in the charging of fees for mining exploration, which differs depending on the discretion at the time the licences were issued. The provisions of the Act are not transparent, and it does not provide a level playing field for all in the Mining industry.

8.04 The MMR's practice of adjusting the Mining Code and ASM Policy to meet new contexts and requirements has resulted in gaps between the law and these regulatory provisions.

8.05 For example, in the Mining Code 2004 there is a new category of Regional Exploration License that has been introduced which has no foundation in the Act.

8.06 In the recently updated and amended Policy of Small Scale and Artisanal Mining (PSSAM) 2005, the GOSL states a requirement and a fee to register financial supporters of artisanal mines. However, as this is not in the law, it is discretionary and cannot be enforced.

8.07 The Minerals Act 1996 is itself an amended Decree of 1994, and in many areas is outdated. Some of these are:

- Lack of provisions in the law for underground mining, about to be undertaken on a large scale by Koidu Holdings S.A., and already being undertaken on a small scale (50m tunnel) by Cluff Gold (with two other firms, Mano River and Winston) at Baomahun.
- The Act is unclear on the issue of making agreements with investors.
- Environmental, social development, and health and safety issues are poorly covered or not covered at all.

8.08 One of the most critical failings of the Act is that there is no link between the law, statutory responsibility, and competency. The Act does not make any definitions of competence in relation to technical, health and safety, or environmental issues. This means that the law cannot define who is statutorily responsible for these matters (many of which entail danger to life or limb) in private or public sector organisations. For the government, there is an additional implication in terms of the fitness of its officers to implement the law (see Training below).

8.09 While the law is lacking, the official Regulations are virtually non-existent. The Mining Code 2004 and the PSSAM 2005 are not technically regulations (being respectively a code and a policy), and each one is less than 10 pages of A4. In contrast, the regulations for the mining sector in South Africa are 33000 pages,

representing comprehensive, detailed coverage of every operational aspect of the industry.

- 8.10 **We recommend** that the MMR obtain several copies of these reports as guides for forming their own regulations. They are published by Butterworths, ISBN 0409028983, at £103 per copy.
- 8.11 The opinion of the MFR team is that there needs to be a fresh start in creating an effective statutory framework for the mining sector in Sierra Leone. The law needs to consider and balance the conflicting interests of the industry's stakeholders, effectively deal with environmental and human rights protection, and enable better inward investment. Simplification is needed to ensure smooth implementation of procedures.
- 8.12 Last year, the MMR developed a Core Mineral Policy (CMP), which has been approved by government and gazetted. The CMP 2004 is a well thought-out and comprehensive document that clearly states the MMR's vision and priorities for the mining sector. The MMR has set an example to other government MDAs in its consultative approach, and in gaining input to the policy from the private sector and civil society as well as government and donors.
- 8.13 **We recommend** that the existing legislation is dispensed with, rather than amended. The Core Mineral Policy should be the basis of a new and integrated law that creates a sound statutory framework for the minerals sector and the MMR. **The MMR should direct the Law Reform Commission on this.** The resulting Act should be concise, and concentrate on defining authority, responsibility and competency.
- 8.14 **We recommend** that the resultant legislation form the basis of regulations for the mining sector. These should be comprehensive, detailed, and should become part of the Act (as is the case in many countries). **Making amendments to the regulations should be allowed, but only after the proposed amendments have gone through a consultation process and been finally approved by Parliament.**
- 8.15 **We further recommend** that the MMR seek external technical assistance to assist them in drawing up these regulations.
- 8.16 **Fiscal regime and attracting investment:** The CMP sets as the GOSL's first objective stimulating investment in the mineral sector by promoting private sector participation. This is to be achieved through establishing an enabling environment for investors with adequate geo-information, regulations, satisfactory institutional capacity to process investments, and attractive fiscal conditions. This requires an investor-friendly legal and institutional framework, including a progressive and predictable tax regime with well defined parameters.
- 8.17 Attracting LSM investment is critical both to the country's economic and security needs, for the reasons mentioned earlier in sections 6.04 to 6.08.
- 8.18 The most recent IMOF Poverty Reduction and Growth Facility Review of SL (IMOF Country Report 04/49) in 2004 found that SL has a solid fiscal regime,

based around the existing Minerals Act 1996 (which sets extraction royalties) and the Income Tax Act 2000.

- 8.19 However, probably due to the fact that SL is viewed as a fragile state, having only just emerged from the 10-year rebel war, in practice individual tax concessions have been sought by LSM investors. The IMOF is critical of this approach, because it is ad hoc, and without a guiding framework for medium term revenue mobilisation objectives or desirable development and social expenditures.
- 8.20 For example, it is estimated that cumulative revenue losses from tax concessions to Sierra Rutile will be \$98 million over the period 2004 – 2016 (IMOF). In return, the GOSL will acquire an equity stake in the project that accumulates over time and is projected to reach 30 per cent when proven reserves are exhausted. To what extent this equity stake provides adequate compensation for forgone revenues has not been analysed by GOSL.
- 8.21 The CMP provides the foundation for establishing a policy framework that can detail guidelines on the appropriate level of tax incentives for investors. Given SL's post conflict status, and the threats to consolidating the peace posed by youth unemployment and corruption (sources - ONS, Koidu Holdings, PDA), it will be inevitable that serious investors seek favourable and individual agreements. However, the MMR should ensure that such arrangements are kept within the general regime based on the CMP.
- 8.22 Provision for special agreements should include fiscal stability provisions, cross-references between the minerals legislation and the general investment legislation, clear guidelines on making special agreements, and strong transparency clauses.
- 8.23 **We recommend** that external technical assistance is sought to assess fiscal incentives with appropriate controls to attract investors into the mining sector.
- 8.24 A major problem encountered by the largest LSM investor to SL, Koidu Holdings S.A. is the different interpretation of the existing fiscal regime by the MMR, Customs and Excise, and Immigration. Each MDA interprets the fiscal regime in line with its own objectives. This leads to conflict, in turn resulting in operational delay and significant production losses for the company. There needs to be a coherent, unified fiscal regime and investment code to attract other large investors to Sierra Leones' mining sector.
- 8.25 A national Investment Code has been drafted with World Bank Technical Assistance, which sets out the GOSL's aims and objectives for stimulating inward investment in very general terms. The Ministry of Trade and Industry is currently preparing sector-specific 'Incentive Schemes' which set out in more detail fiscal incentives for investors, including one for the Mining sector.
- 8.26 **We recommend** that **immediate communication and dialogue** is established with the Ministry of Trade and Industry, the NRA, and any other key stakeholders in order to ensure that the requirements of mining investors and the objectives of the CMP are built in to the general national guidelines attracting external investment.

8.27 FUNCTIONS

- 8.28 There is an existing gap between the functions of the MMR defined in the CMP and what the ministry currently does. The CMP is a new policy that provides a blueprint for the future role of the MMR, but up until now the processes of setting policy and carrying out resultant functions has been reactive and ad hoc. Reasons for this include limitations of the statutory framework and the weak negotiating position of the ministry in a post-conflict environment (described in the previous section), and crippling resource constraints exacerbated by poor pay and conditions for ministry staff.
- 8.29 One commonly used framework for analysing functions makes a distinction between core and non-core functions, and categorises functions into five broad types: policy, service provision, regulatory, coordination/supervision/monitoring of performance, and support (UNDP/RBEC).
- 8.30 **Policy functions** include strategic planning, legal drafting, development of performance contracts, minimum standards, norms, policy analysis and evaluation, and forecasting. Under the CMP, all these should be core functions of the MMR, few of them are currently being carried out.
- 8.31 The CMP is a real achievement for the MMR. While the process of developing it was reported by senior staff as being facilitated by and dependent on DFID and WB support, the MFR team noted that the ministry has been clear about its primary economic objective, while listening to and incorporating wider stakeholder concerns. Implementing the CMP is now the challenge. This will require drafting a new law (section 8.13) and new regulations that are sufficiently comprehensive and include minimum standards/definitions of competence. It will also require addressing wider issues of the MMR's HRM and capacity building, and setting policies on a range of issues.
- 8.32 With the exception of the CMP, the MFR team observed that the usual processes of policy making in the MMR are ad hoc and reactive. The drawbacks of this approach can be seen in the problems that have been outlined in the Overview of Present Arrangements. The ministry does not have the capacity to adequately perform necessary policy functions, either in terms of manpower or in terms of the specialist management skills that are required. While the senior tier is highly qualified (especially in comparison to other MDAs), expertise is technical, not in management or public administration.
- 8.33 During the six-week MFR, the MMR formed a Change Management Team (CMT) to discuss the MFR team's findings and recommendations, input their ideas, and to build consensus on the main issues. On the basis of the input made to this review, and the communication and collaboration between senior staff we feel that this CMT could be a first step in developing an effective policy process in the MMR.
- 8.34 **We recommend** that the CMT process is continued and further developed after the MFR in order to implement recommendations made in the review and also to begin to implement other policy issues arising from, for example, the CMP.

- 8.35 One key area for immediate policy consideration is that of revenue generation for the GOSL. The focus of the MMR in the ASM sector, and of many CSOs and projects, is on revenue generation from licensing. However, the revenue from licenses is tiny compared to the value and volume of precious mineral trade. One of the problems with the diamond trade is that it is extremely difficult to assess profit, because the buying price of the stones is hidden. As well as exporters, dealers make significant profits. Dealer records seen by the MFR team in Kono showed uniformly large profit margins, with one exceptional case of a dealer buying a stone for \$30,000 from a miner and selling to an exporter for \$180,000 (source PDA). The profits, made by middlemen (dealers) and the exporters, do not as a rule stay in the country, and therefore do not contribute to the local economy.
- 8.36 The GOSL focus should be on taxing the value and volume of the ASM sector. This will enable the GOSL to realise more revenue from the sector, and make a better contribution to economic and poverty reduction effects. It will require mining businesses, including dealers, supporters, and exporters to submit profit and loss accounts to the tax authorities. It could benefit new businesses by allowing tax breaks for start-up conditions. Proper regulation of small-scale mining following its redefinition as ‘industrial’ should also be a priority of the ministry, as this will generate increased revenue from the value and volume of minerals on extraction.
- 8.37 However, expectations must be realistic. While revenue to government from AM can be improved, it is unlikely to make a major contribution. A recent study carried out by Global Witness for Partnership Africa Canada of four African countries including Sierra Leone (Rich Man, Poor Man www.eldis.org) found that in none of the countries studied did government raise large amounts of revenue from taxation of the AM sector.
- 8.38 The reason for this lack of revenue generation is that most of the financial supporters of AM are Sierra Leoneans and foreigners who have no moral or legal difficulties in employing labour at very low rates of pay. Supporters are also prepared and able to evade the payment of taxes, license fees and other government charges. The GOSL and the MMR will need both political resolve and material resources to meet the challenges of increasing revenue from the AM sector. These measures will raise the cost of AM through higher labour costs.
- 8.39 **We recommend** that the MMR collaborate with the NRA, other relevant MDAs, and key donors to examine possible strategies for regulating taxation responsibilities of businesses engaged in mining, dealing, supporting, and exporting precious minerals from the AM sector.
- 8.40 Another area for policy consideration by the ministry is devolution. Under the Local Government Act (LGA) 2004, rehabilitation of mined out areas, coordination of licenses, and establishment of community development funds will be devolved by 2007. The ministry should consider what other functions would be appropriate to be devolved, according to the criteria of whether it would be more effective if devolved, and whether more cost effective for government as a whole.
- 8.41 There is a strong argument for the Local Councils to register and collect AM miner, dealer and supporter licenses. The UNAMSIL team carrying out the most

recent study of AM in Kono reported that while central information on dealers and especially financial supporters of mines was partial and hard to find, at local level there was wide knowledge of who was supporting, and the relationships between dealers, supporters, and miners. Devolving licensing to the local councils may also facilitate more accessible and open bureaucracy for all stakeholders (including investors and civil society) as the terms of the LGA 2004 are stringent on transparency. Devolution will require strengthened field offices because the MMR will have to monitor and support councils and their committees.

- 8.42 At the moment, under the LGA 2004, councils will be taking on a problem function of the MMR (environmental rehabilitation) without an adequate revenue stream to address it. For example, the 29 artisanal licenses issued for Kaisambo chiefdom in Kono have contributed 100,000 Leones each to the rehabilitation fund – a total of 2.9million Leones. However, the cost of the contact for the rehabilitation of Kaisambo was 132million Leones (source DFID DSP). Giving local councils license revenue would ensure more adequate funding for rehabilitation and may provide funds for other local service delivery (in line with the CMP’s objectives on the environment and social development impacts of mining).
- 8.43 Alternatively, the MMR may view greater deconcentration (as opposed to devolution to councils) as an appropriate strategy, provided that the field offices can be adequately resourced.
- 8.44 **We recommend** that the MMR reconsider what functions could be devolved or deconcentrated in conjunction with the relevant local councils. **We suggest** that registration and licensing of AM miners, supporters, dealers and their agents are devolved to District and Town Councils.
- 8.45 **Service delivery functions** are carried out mainly by the GSD. These are cartographic services, laboratory analysis including assaying gold, and drilling services. The core function of the GSD is that of identifying the mineral resources of the country, and demarcating exploration, prospecting and mining leases for their exploitation.
- 8.46 According to the GSD, quite large parts of the country have yet to be properly explored and assessed in terms of their potential mineral wealth. The GSD is piloting a Cadastre system in Kono, prior to national implementation. The Cadastre cuts across the functions of GSD as it will entail recording the marketing chain as well as GIS demarcation of plots and lease areas. The Cadastre presents both an opportunity and a challenge for the MMR. It will give the ministry the tool that is needed to accurately map, exploit, and regulate the mineral resources of the country, including the very problematic AM sector. At the same time, it poses an enormous capacity requirement on the ministry, and places demands on the AM sector that will be difficult to meet. These include practical difficulties such as the requirement for AM miners (many of whom are semi or illiterate) to submit monthly production reports, and political difficulties such as getting dealers and financial supporters to become more transparent in their business dealings.
- 8.47 Cartographic services could be a significant revenue source for the ministry and the GOSL. At present, there are no policies or guidelines on charging out services

by public sector bodies. The information held by the GSD is commercially valuable. At least two companies – Mano River and African Diamonds – utilise the services of government geologists for their commercial activities. In the case of Mano River, two senior geologists are paid gross at \$3000 per month, with four others on good dollar-rate salaries. The team did not get wages for those employed by African Diamonds. The GSD and the MMR see no revenue from this, and MMR field offices reported that because geologists' priorities are their well-paid commercial work, government work suffered. What is wrong with this situation is not that government geologists are doing private sector work, but that there are no policies and guidelines for contracting out. It should be permissible for technical experts to do some commercial work, provided that it is a transparent process, that rules and policies on balancing government duties with consultancy/contracts are in place, and that there are clear guidelines to avoid conflict of interest. Companies should not be paying government employees directly, but paying the GSD, who will then make appropriate arrangements for paying the employee. This is standard practice for executive agencies and public sector bodies in other countries who engage in the private sector.

- 8.48 In executive and public sector bodies, where mandates allow for the generation of revenue through commercial arrangements utilising public sector resources, the controls are very tightly regulated to ensure transparency and legitimacy. Where an agency or individual utilises its/his/her professional skills in a commercial environment the revenue is legitimately a public sector resource. The 'benefits' to the agency or the individual employee must be overtly visible and are generally distributed as an additional 'bonus' within a statutory pay scheme. Arrangements are sometimes made where an individual employee is permitted to work on a part-time basis within their public sector employment contract (with prorata remuneration) in order for them to pursue private commercial practice. It is also desirable that such a service to the private sector is of technical and professional value in providing data to the Ministry, which it would otherwise be forced to pay for.
- 8.49 **We recommend** that the MMR considers how best to develop a mechanism which enables the division to charge the private sector for cartographic services at prevailing market rates as a legitimate means of cost recovery.
- 8.50 **We recommend** that technical assistance is sought by the MMR to design and implement such a mechanism, including addressing wider statutory issues.
- 8.51 **We do not recommend** that the Cartographic function of the GSD is privatised, because minerals are the property of the state, and the GOSL must maintain state control over granting of prospecting, exploration and mining rights.
- 8.52 Laboratory services and the drilling unit can be regarded as non-core functions of the ministry.
- 8.53 The international norm for laboratory services is to privatise them. The lab services at the GSD are at present 'unofficially' privatised. Very poor wages and conditions, including dangers to staff health and safety, and lack of funds to procure needed reagents/equipment necessitates some charging out of services at present, usually on a subsistence scale of tea, sugar, and snacks for staff. At present, the laboratories cannot realise their potential within state ownership.

Privatisation will enable a proper scale of fees to be charged to companies and individuals creating profitability, safer conditions and better wages. Partnerships will be able to be made with international laboratories and private sector institutions which will build capacity. For example, at present the work of the Physical Laboratory is limited to sample preparation – analysis takes place abroad. Upgrading the lab so that it can perform analysis will significantly boost revenue, as well as saving costs for mining companies. In terms of the government's own analysis requirements, it is quite usual for this to be contracted out to the newly privatised laboratory, so that the government becomes another client of the business.

- 8.54 Similarly, the Drilling Unit is also a candidate for privatisation. The unit only gains sporadic work, possibly because of its outdated equipment, but also because much of the work it does is construction related and requires effective business marketing to potential clients. There has been no work done for the GOSL for at least four years. There is no marketing capacity in the MMR, and construction-related drilling is in any case a non-core activity of the ministry. With modern equipment and access/links to up-to-date rock analysis (for compressive strength etc) the Drilling Unit would be able to increase its work.
- 8.55 **We recommend** that the laboratory services of the GSD are privatised. **We also recommend** that the Drilling Unit is privatised.
- 8.56 **We further recommend that** these units be upgraded in terms of equipment and staff training, and prepared for privatisation. For example there will need to be private sector accounting systems, marketing and business management capacity as well as up-to-date technical equipment, and trained personnel.
- 8.57 It is unlikely that these units will be financially self standing in the short term. Time will be required for them to generate sufficient business to stand alone. Privatisation is usually phased over time. One approach is to form an Executive Agency (a public body with defined operational framework allowing private contracting) first. This can evolve into a Trust, and then when/if the time is right be fully privatised.
- 8.58 **We recommend** that the MMR seek technical assistance to plan and implement GSD privatisation, including capacity building and timescale of the privatisation, and issues of employee protection on transfer to the private sector.
- 8.59 Gold valuation is still being carried out by the Chemical Laboratory of the GSD, **even though it has been statutorily transferred as part of the GDD to the NRA.**
- 8.60 **We recommend that the gold assaying function is immediately passed from the MMR to the GDD.**
- 8.61 **Regulatory functions** include registration, certification, permissions, accreditation, inspections, compliance and financial audit. For the MMR, this entails licensing and monitoring of the ASM and LSM sectors, and licensing and monitoring of the marketing chain. They are at present shared between the Mines Division, where regulatory functions are carried out at central level (LSM leases and dealer/exporter licenses) and field (ASM licenses) and the Administration

(who officially manage the MMOs). In addition, GSD manage Exploration/Prospecting licenses.

- 8.62 It is in its regulatory functions that the MMR experiences the most problems, both through critical lack of manpower and essential logistics. As mentioned in sections 6.06 and 6.07, the ASM sector poses the biggest problem. The complexity of the sector, together with porous borders, the value of the precious minerals being mined (predominantly diamonds and gold, but including sapphire, garnet, corundum, tantalite, and columbite) and the fact that mining occurs in remote insecure areas makes regulation, inspection and monitoring extremely difficult and occasionally dangerous. Problems can be broadly categorised into those relating to regulating and monitoring mining, and those relating to the marketing chain.
- 8.63 Problems relating to mining: The MMR's efforts to resolve the problems it faces are highlighted by its attempts at addressing the major problem of mechanisation of the ASM sector. This has been done through the amendment in the 2005 PSSAM that redefined small-scale mining as industrial, and therefore requiring a lease not a license. Earth-moving equipment, draglines, washing machines and other plant has been increasingly used on 'artisanal' plots, maximising miners' short term winnings but causing serious environmental degradation. The ministry has rightly redefined this mining as small-scale industrial.
- 8.64 However, it was not clear to the MFR team that the distinction between licenses for artisanal and leases for small-scale mining had been institutionalised in the field offices, as data was displayed in Bo and Kono that still treated the two as one category. This is an important distinction, as lease-holders do not have to export their winnings through a registered exporter, but can export directly on payment of the relevant royalty applying to the ex-mine value of the mineral, plus a one per cent valuation fee. License holders under the terms of the PSSAM 2005 and the Mining Code should export through a licensed exporter.
- 8.65 One of the biggest problems reported to the MFR team by MMR staff was that the present licensing system does not enable the government to capture its due revenue from mining. It was widely reported by MMOs, MWs, civil society, private sector, and local informants that miners who hold a diamond licence, for example, will often make more money from gleaning gold or other precious minerals from their 'tailings' (the earth left after target mineral extraction) than they do directly from diamonds. While they could in theory (but usually don't) apply for an additional gold license from the regional office, there are no licenses that cover other abundant precious minerals especially garnet, columbite, tantalite and corundum (which if good quality fetches more per carat than industrial diamonds).
- 8.66 **We recommend** that the MMR in conjunction with the DFID DSP and other technical assistance as required redefine ASM licenses to include other precious minerals in order to legitimise their extraction, gain more revenue, and better regulate the sector. This recommendation will affect data storage and information within the Cadastre system.
- 8.67 Problems relating to marketing: The real issues for the regulation of ASM arise when considering the marketing chain. The 'official' route of diamonds or

gold is from mine to dealer to exporter. However, the actual marketing chain is more complex and very opaque, because there can be illegal miners, dealers and exporters (smugglers) existing alongside legitimate players, and because the financial supporters of miners, and unofficial bankers for dealers are virtually anonymous. Diamonds in particular, but also gold (and in theory the other precious minerals mentioned) can therefore dip in and out of legality, making it very hard to address the crucial issues mentioned in sections 6.05 to 6.09 of establishing government control, law and order on the sector.

- 8.68 This situation is exacerbated by the fact that there are three categories of dealer license available from the ministry. These are ‘citizen’, ‘Ecowas citizen’ and ‘foreign national’. Information on the business or other credentials of the latter two categories is not recorded for applicants. In addition, the links between dealers, miners, supporters, and exporters are not explicit or transparent. Dealers can be mine supporters (anecdotal evidence suggests that this is common) and exporters can back dealers. Both dealers and exporters can have agents.
- 8.69 **We recommend** that the MMR in conjunction with the DFID DSP and other technical assistance as required rationalise the dealer/exporter license system to create a simpler, more transparent system.
- 8.70 The new PSSAM 2005 requires financial supporters to register for the first time this year. This is important information for the Cadastre system, which in addition to mapping mineral wealth and demarcating plots, also logs the value and volume of precious (and other) mineral extraction through the marketing chain. It is also viewed by MMR field staff as an important measure to prevent and avoid conflict over mine winnings where there is a question of more than one supporter for a mine. However, the requirement is in the policy, not in the law, and is thus discretionary not mandatory. Property rights, contractual agreements and regularised licensing are all issues recently identified as requiring urgent review within the Justice Sector Development Programme (JSDP)
- 8.71 **We recommend** that the requirement to register supporters is included in the new law drafted from the CMP following consultation with the Law Office and JSDP.
- 8.72 Field officers varied in their estimations of numbers of supporters in the districts. In Bo, the general view among senior MWs and MMOs was that roughly 50 to 60 per cent of mines were supported. In Kenema and Kono, it was believed that the estimate is 80 per cent or more. In all the offices we visited, registration of supporters was minimal (seven in Kono, eleven in Bo, fifteen in Kenema). The number of alluvial miners in each district was 1551 in Kono, 180 in Bo, and 270 in Kenema. There were no figures for Makeni, and no supporters had been registered. The Kenema office was more proactive in getting miners to bring their sponsors into the office in order to receive their licenses.
- 8.73 **We recommend** that this proactive approach is adopted by all field offices, and that the MMR issue guidelines to field offices on gaining supporter registration.
- 8.74 While it is very difficult to assess the degree of smuggling for diamonds, the MMR has reasonable grounds for believing that the situation has improved. This is partly due to the Kimberley Process, which now makes it very difficult to sell on the international market without a certificate of origin, and is also due to the

active efforts of the MMR field staff together with the Peace Diamonds Alliance (PDA) Diamond Area Community Development Fund (DACDF) project to gain local buy-in to monitor mining activities.

- 8.75 Gold, however, poses a real problem in terms of smuggling. Official exports of gold in 2004 were 11.34 million Leones – less than \$5000 for the year. It is impossible to say how much gold is smuggled. In addition, gold is used as currency in trade between Guinea and the northern provinces of SL, with anecdotal reports of small traders exporting approximately 500 carats (about 500g) per month. Although difficult to quantify, the opinion of the MMR, various donors, and the private sector consulted by the MFR team is that gold smuggling represents a significant loss of revenue for the GOSL.
- 8.76 **We recommend** that the MMR allocate resources to monitor and regulate gold mining and the gold marketing chain more effectively.
- 8.77 **We draw attention here** to the Sustainable Livelihoods Analysis recommended in section 8.293 which is likely to provide the MMR with useful information and suggested policies to address regulatory issues in the ASM sector.
- 8.78 LSM is easier to regulate, and easier to tax. However, it may be more politically difficult for the ministry to insist on compliance with regulations, when the government is understandably trying to encourage major investors in a post-conflict environment. However, ensuring regulation and compliance are ministry functions, and should not be shirked.
- 8.79 We noted that the CMP did not emphasise this policing function. For example, Objective 3 states that “the Government will expect businesses to operate within the law”, but this is a rather weak statement – what happens if companies do not operate as the government expects? A clear commitment to punishing companies that transgress would be desirable.
- 8.80 The MFR team spoke to a number of companies investing in mining, including Koidu Holdings S.A., Sierra Rutile, and smaller ventures looking at investing in LSM of bauxite and gold, typically in the region of \$10 to \$15 million. These companies stated that they did not have a problem with being made to comply with laws and regulations. More important than a ‘soft’ regulatory framework was an adequately capacitated ministry that could provide proper support in terms of service delivery and clear transparent administrative processes.
- 8.81 **We recommend** that the MMR take a firmer line in ensuring that companies, including new investors in the sector, meet and comply with the ministry’s requirements on health, safety, social development, and environmental impact.
- 8.82 **We recommend** that this firm standpoint is expressed more clearly and unequivocally in the CMP Objective 3 and in any new Act drafted on the basis of the CMP.
- 8.83 The MFR team noted some problems with Exploration and Prospecting Licenses. These licenses have a lifespan of up to three years, after which they must be renewed. However, there is no limit on the number of times such licenses can be renewed. This means that a company can be ‘exploring’ for ten or fifteen years, or

in some cases even longer. This can lead to a situation where a company is actually mining under the pretence of exploring or prospecting. Apart from the obvious loss of revenue to the government, this is a damaging practice, because prospectors and explorers are not required or expected to do any local development. This leads to local unrest, as communities understandably become exasperated at mining activity that doesn't deliver any social or local economic benefit.

- 8.84 The MFR team also found that there needed to be more rigour applied to the granting and renewal of Exploration and Prospecting Licenses. As can be seen from paragraph 8.94, records of licenses are poorly kept, not updated, and not integrated but dispersed in different files and offices. The MMR operates a 'grace period' for companies who do not renew their licenses in time. However, there is no provision for such a period in either the law or the mining code. There is no reason why companies should have such a grace period – it should be standard practice to comply with the law. Loose application of regulations allows the private sector to abuse the law.
- 8.85 **We recommend that all information relating to Exploration and Prospecting Licenses is integrated, and kept on a unified computer database.** This will include accurate records of license areas through the Cadastre system, detailed company information including investors and shareholders, and continually updated information on renewal and expiry deadlines.
- 8.86 **We recommend** that where companies fail to renew before 90 days of the expiry of their licenses, the said licenses should be forfeit and the company pays the requisite penalty.
- 8.87 **Coordination/Supervision/Performance monitoring functions:** Under the functional framework being used, the supervision/performance monitoring aspects of this function only applies to subsidiary bodies. There will need to be mechanisms in place to carry out these functions once the Drilling Unit and Laboratories are privatised, and in the case of public-private partnerships for example with the core GSD.
- 8.88 **We recommend** that developing these mechanisms should be in the TORs of the technical assistance engaged in preparing the units for privatisation.
- 8.89 Another future area where in the view of the MFR team this function may be important in the shorter term is where it relates to local community mines monitoring. Depending on whether this is devolved to the councils, the MMR may be either monitoring/evaluating councils' performance, or directly overseeing the community mines monitoring groups.
- 8.90 **Support functions:** These include HRM, records and financial management, procurement, efficiency appraisals, and secretarial services. At present, as mentioned in section 7.34 to 7.45, the MMR operates in an anomalous fashion. The two professional divisions, Mines and GSD, carry out both professional and support functions for their divisions, with the Administration being a vestigial unit.

- 8.91 This arrangement is both unconstitutional and inefficient. Besides tripling the number of units dealing with support matters, it is an obstacle to the integration and smooth functioning of support to the ministry, especially with regard to HRM, accounting/financial management, and records management. The two professional Directors and the PS agreed on the 12th August Change Management Meeting that the administration of the MMR should be unified under the PS.
- 8.92 **We recommend** that the decision to integrate all support functions into the Administration is implemented immediately as a priority.
- 8.93 Records management is a key area for the MMR. Accurate mapping of mining plots for example is not only important from the perspective of records keeping, but has commercial and legal implications. Unlike most ministries, the MMR handles commercially sensitive documents such as bids, exploration reports, contracts, proposals, and information from dealers and exporters. In these cases security, confidentiality, and stakeholder trust are important considerations.
- 8.94 The RM team visited the MMR during the six-week functional review. They found that records and records management in each of the three divisions were in a deplorable state. In summary, procedures were ‘old and chaotic’ leading to a usual three to four day delay in getting mail and reports to the relevant officers. The three records offices were overwhelmed with inactive files, no procedures for tracing and tracking documents, inaccurate subject labelling, lack of access, and absent or inadequate storage facilities. Two to three days was the time commonly spent in finding a file. GSD was the worst case the team had encountered in any ministry, being infested with termites and ‘other destructive insects’ in addition to having a complete lack of processes.
- 8.95 Staff morale was very low, academic standards were not commensurate with the demands of an integrated records management system, and appointment was often on the basis of punishment rather than in terms of professional competence. In all three divisions, sensitive documents such as maps or mining company records were kept in senior staff offices.
- 8.96 Such a situation does not inspire confidence in prospective investors, and the MFR team heard from a significant minority of private sector stakeholders and users of the ministry’s services who expressed dissatisfaction with the security and confidentiality of commercially sensitive information.
- 8.97 The recommendations of the RM team will be the subject of a separate report. In the light of the decision of the MMR to integrate administration under the Permanent Secretary, it should be possible for the Administration to begin to address some of these issues as an interim measure, until the RM team can assist with a complete overhaul taking into account the role of the Cadastre system.
- 8.98 **We recommend** that in consultation with the RM team, the Administration prepare interim procedures and guidelines, consolidate all records of the Mines and Administration Divisions, and the personnel and financial records of the GSD within the central registry. Technical reports from GSD will continue to be lodged at the New England site for the time being.

- 8.99 It is standard practice to ensure that paper-based systems are clean and functional before automation. However, the MMR is an exception to this rule, because implementation of the Cadastre system is already under way. As mentioned, this system cuts across the professional divisions of the ministry.
- 8.100 **We therefore recommend** that the MMR is sufficiently resourced in terms of IT equipment, and that the three divisions of the ministry are connected by a Local Area Network to facilitate functioning of the Cadastre system.
- 8.101 **IT Support – a new function:** Increased use of and reliance on automated systems creates a new demand for IT support in the ministry. The staffing issues related to actually running the Cadastre will be dealt with in paragraph 8.143. However, there will be a need for IT hardware and software to be maintained, fixed, and upgraded on an ongoing basis. This requirement is not only for the Cadastre, but for equipment used for the IFMIS being implemented throughout central and local government. The usual and best approach to dealing with this technical support challenge is to contract in private sector providers through a competitive tender process. The problem for public sector institutions in SL is that they have such a poor record of late or non-payment (source: SL Chamber of Commerce) that companies are unwilling to take on contracts.
- 8.102 **We recommend** that the Administration adopt a contracting-out policy, and that clear guidelines are developed and complied with to ensure acceptable payment schedules.
- 8.103 Financial management is also autonomous within the three divisions. There are three accounts offices, staffed by accountants who report to their division Directors, not, as is constitutional, the PS.
- 8.104 **We recommend** that the Senior Accountant already posted to the MMR should report to the PS, and be assigned the responsibility of consolidating the accounts as one in the MMR. This action does not change the structure of the budget, which should remain the same
- 8.105 This situation has led to there being three budget committees within the MMR, and has resulted in confused and divergent accounts and processes. Aside from the statutory necessity and administrative desirability of bringing all accounts under the remit of the Permanent Secretary, the new IFMIS necessitates it.
- 8.106 **We recommend** that the ministry has one budget committee. The MMR needs to inform and discuss the integration of financial management with the MOF's Budget Bureau in order to unify the chart of accounts for the ministry.
- 8.107 Budget committees in the civil service generally have changed over the last two years from being entities that simply rubber-stamped MOF budget circulars to becoming key planning units in ministries. The driving force behind this transformation is the Medium Term Expenditure Framework (MTEF) now adopted by all ministries for budget planning. MOF reported that MMR was one of the best ministries in terms of delivering reasonable quality MTEF budgets on time. Accounts staff in the divisions reported that they did prioritise the budget in order to favour the ministry's key priorities. Unification of the accounts under the administration should further strengthen the ministry's financial management.

- 8.108 As detailed in section 7.51, there is no Internal Audit. This is a critical failing considering the current importance and potential of the ministry as a major revenue source for the GOSL.
- 8.109 **We recommend** that the MMR forms an Internal Audit department as an immediate priority. The MMR should request assistance from the Office of the Auditor General (OAG) and from the DFID support project to the OAG for this and auditors should have an adequate level of qualification and expertise.
- 8.110 **Procurement:** The new Public Procurement Act 2004 places demands on the MMR's institutional capacity. Currently, procurement is done by divisional directors on an ad hoc basis, without standard procedures within the ministry. This is especially true of the use of the MMOF, which is used to pay for a variety of goods and services including MMO's salaries, ministry staff expenses and per diems (including loan payments to cover these), and equipment for field officers.
- 8.111 **We recommend** that the MMR produce clear policy and guidelines on the use and administration of the MMOF.
- 8.112 There is no Procurement Committee for the MMR. Section 19 (3) of the Public Procurement Act 2004 specifies a procedure involving 18 functions of the ministry's statutory Procurement Committee. These entail detailed records management, bid preparation, advertising, approval and evaluation procedures, reporting processes, and quality assessments. The Permanent Secretary is mandated to be the Chairman of the Procurement Committee.
- 8.113 While procurement is at present a fairly marginal activity of the MMR, in the light of this MFR there is likely to be a hefty procurement requirement in the medium term. This will arise from recommendations made on upgrading GSD facilities, purchase of equipment for field offices, contracting technical assistance, outsourced services and supplies, design and build of new premises, and tendering for private sector partners in ministry service delivery functions.
- 8.114 **We recommend** that the Procurement Committee is established, and that members and support staff familiarise themselves with procedures and processes outlined in the Procurement Act 2004.
- 8.115 **Personnel and HRM** are very weak areas for the ministry, as can be seen from the patterns of promotion and frequency of training described in the overview.
- 8.116 **We recommend** that once integration of support has happened, the Administration work with the HRMO project to develop effective HRMD strategies and processes.

8.117 NEW FUNCTIONS STEMMING FROM THE CMP:

8.118 As well as improving the efficacy of the ministry in performing its existing functions, the CMP 2004 necessitates the performance of new functions, some of which require new technical expertise. The MFR team, also drawing on the 2004 Institutional Appraisal of the MMR, have defined the following new functional requirements for the ministry.

- Legal/statutory - producing regulations, comparing legal and fiscal regimes of other countries in the region, making recommendations on legal amendments. There is no legal expertise in the MMR. This is needed to inform senior staff and middle management of issues affecting technical areas. For example, one senior staff member was not aware that the law took precedence over policy in a problem relating to Customs and Excise not applying agreed import concessions for a mining company. In addition, the MMR may want to take its own position on a legal matter, which would require in-house legal expertise.
- Developing minerals policy and advising on investment. This will require staff with economic/business as well as geological/mining expertise.
- Environmental regulation. This requires expertise in environmental sciences and tools such as Environmental Impact Assessments.
- Social analysis – relating to those objectives dealing with social development, employment, gender, child and human rights issues.
- Health and Safety (and possibly security).

These new functions will be dealt with in the context of the following sections on Structures and Staffing.

8.119 STRUCTURES

8.120 In common with all central ministries in SL, the MMR has both professional and administrative heads, making the top tier three in number (Director GSD, Director Mines, and the Permanent Secretary). This arrangement has the serious drawback that only the political head – the Minister – of any ministry can be held responsible in the event of a failure of government policy. This is one of the reasons behind the politicisation of ministries and civil service positions in Sierra Leone, a phenomenon that militates against good public administration. It is also why legislation often gives sweeping powers to the Minister. The absence of single authority and therefore responsibility at the technical head of the ministry also weakens efforts to address issues such as corruption and mismanagement.

8.121 **We recommend** that a senior executive heads the ministry, unifying professional and administrative functions in one post of Director General. The professional and administrative directors report directly to the Director General.

8.122 As mentioned in the Overview and in the section of Support Functions, the MMR is anomalous in that it operates with three autonomous administrations, one per

division, each responsible for its own personnel, secretarial, and accounts functions. This triplication of structures is not only unconstitutional, but very inefficient. At the Change Management Meeting between the MMR and the MFR team on the 12th August 2005, it was decided by the ministry to integrate and unify all administrative and support functions, including accounts, under the Permanent Secretary.

8.123 **Anomalies in the current role of Administration**

8.124 In recommendation 44 at paragraph 8.92 we suggest a change in roles for Administration. Administration is currently not engaged in its full support role, because the professional divisions have replicated administrative units and the Administration is ‘technically’ responsible for the mines monitoring function. This is clearly an anomalous situation – mines monitoring is a professional and technical matter, not administrative. The ‘de facto’ situation is in fact, that mines monitoring is dealt with by the Mines Division in the field.

8.125 **We therefore recommend** that mines monitoring, inspection, and licensing become officially the remit of the Mines Division.

8.126 New structures are required in the MMR in order to manage and implement the strategic objectives of the CMP 2004. The 2004 Institutional Appraisal of the MMR, which provided a background study for DFID support to the mining sector, identified this issue, and recommended that the ministry form a new division of Mineral Development that could meet these requirements.

8.127 In discussion with the MFR team, the ministry decided that rather than creating a new division, new functional units should be under a strengthened Mines Division. This will give two sections to the Mines Division, namely Mines and Mineral Development. Each section will be headed by an Assistant Director, reporting to the Director and Deputy Director of Mines.

8.128 The functions of the new Mineral Development section will be:

- Policy and Legal Affairs, which will deal with legal advice to the MMR, drafting laws and regulations and the issues outlined in section 8.118 point 1 above.
- Licensing and Registration. This will deal with all mining rights granted or pending, including Artisanal Mining Licences and Small-scale leases, and other associated information. It will register rights granted, transferred, expired, and suspended, and provide certified and/or simplified copies to interested parties. This unit will need to be networked with the GSD Cadastre Unit, in order to cross reference information.
- Mineral promotion and Statistics

8.129 An increase in functions of the Mines Section (which is currently the Mines Division) is also proposed. These will include:

- Inspection and Regulation:
- Extension Services and Coordination of Regional Offices:
- Mineral Trade
- Environmental and Development Management

Not all these new functions will require bureaucratic units to implement, although some will. Functions related to encouraging investment and mineral beneficiation, for example, should not require new departments or units, but can be carried out through proper job specification of middle and senior level officers, and through a well functioning policy-making process. Other new functions may be appropriately incorporated into existing units.

- 8.130 One function that is likely to require new structures to achieve implementation is that of policy and legal affairs.
- 8.131 Another is the licensing and registration function. The WB diagnosis of the implementation of the cadastre by Mr Barcellos recommends the establishment of a registry for all license, lease, and cadastre information, including a public access unit.
- 8.132 In addition, following the recommendations made in this review on privatisation of laboratory and drilling services, and the new demands of the Cadastre system, the GSD will have a simplified structure, carrying out its core functions of cartographic services and lease demarcations.
- 8.133 **We recommend** a proposed structure for the MMR at central level in Appendix E
- 8.134 **We do not recommend at this stage specific administrative units** to carry out the new functions required by the CMP. This restructuring should wait until the full report of the records management project, for the technical assistance recommended in Staffing below, and for the physical integration of the ministry at New England recommended in Accommodation below.
- 8.135 **Structures at regional level** are basically extensions of the Mines Division, sometimes headed by a Chief Engineer and sometimes an Assistant Director. The MMR identifies a need to have Geologists in the field offices.
- 8.136 **We recommend** a structure for the field offices in Appendix E, headed by an Assistant Director, with Geologist and Mines Engineer reporting to the Director.
- 8.137 **STAFFING**
- 8.138 **The staffing situation in the MMR poses a critical threat to its existence within the next five years.** This represents a very serious problem for the GOSL, given the importance of the ministry to the economy, to consolidating (still fragile) security, and to reducing poverty among some of the country's most vulnerable populations.
- 8.139 The staff analysis shows that the entire senior tier will have gone in five years time, with significant losses in the middle level. The problem is that there is no one to replace these professionals. While the Universities do produce on average three Geologists per year, there are no Mining Engineering courses in any tertiary institution. An examination of the Register of Engineers in Sierra Leone reveals that there are 50 civil engineers, 30 electrical, and only seven mining engineers of whom four are retired. Of the remaining three one is the Minister and one the Deputy Director of Mines. With respect to Geologists, many are snapped up by

the private sector, and some join the exodus of qualified young Sierra Leoneans abroad.

- 8.140 The MFR team believe that the scale and urgency of this problem require an immediate response from the GOSL's donor partners in the short term. We make recommendations on addressing sustainability in the medium term in the section on Wider Issues.
- 8.141 **We recommend** a large input of technical assistance (TA) to the MMR in terms of filling the senior professional posts when existing public servants retire. This TA should be for a minimum of three years for each post. The MMR, together with the supporting donor(s) should draw up Terms of Reference for the senior posts, including the new Chief Executive Officer position of Director General.
- 8.142 In addition, it can be seen from the foregoing analysis of the ministry's functions that the MMR will require in the near future staff with other areas of expertise in order to implement the CMP 2004. These areas include public administration, legal, environmental and social science expertise at high levels. In addition, there will be a need to attract competent individuals with business experience to take on previously missing marketing and business development roles in the GSD, and its privatised units.
- 8.143 With respect to immediate needs, GSD has analysed its staff requirements for the Cadastre system at headquarters as 12 IT professionals, including one Systems Manager, two IT Officers, three GIS Officers, and six Data Entry Officers.
- 8.144 All of these professions are in demand in the private sector and abroad, confronting the MMR with the perennial problem of attracting qualified, capable staff given very poor pay and conditions in the public service.
- 8.145 **Addressing this problem will require donor salary support and in some areas may need TA.** Salary support is a controversial issue for donors, because it is widely (and often justifiably) regarded as unsustainable.
- 8.146 **However, the MFR team see no other choice if the GOSL and its donor partners want to actualise the objectives of the CMP 2004.** Getting the MMR 'right' will have an enormous and direct positive impact on the economy, development and stability of Sierra Leone. The challenge for the GOSL and its donor partners is to design this support at a level that can be taken up by the government in the medium term, once broad civil service reform has cut costs and built the revenue base.
- 8.147 **We recommend** that the MMR together with the HRMO project prepare a manpower plan for staff recruitment.
- 8.148 **We recommend** that the MMR, HRMO project and the donors identify which posts need salary support, and design the support package taking into account predicted levels of future public service salaries in the context of the wider reform going on.
- 8.149 Human Resource Development (HRD) and HR Management will become an important function for the MMR. The sister HRMO project aims to develop a

more modern and efficient approach to personnel/human resource management for the civil service as a whole. The recommendations this project makes will cover wider aspects of HR management than are currently dealt with by the Personnel Office, which is unlikely to have the capacity to encompass its broader role.

- 8.150 **We recommend** that the Administration works with the HRMO project to redefine its personnel function and set up a Human Resources Management and Development Unit (HRMDU). This should be the locus for the human resource planning outlined in the preceding recommendations.
- 8.151 There are immediate steps to be taken by the MMR in addressing issues such as overdue retirement, long overdue promotions, anomalous recruitment procedures, and immediate staff requirements.
- 8.152 **Schemes of Service:** It was observed that some schemes of service were not well defined. An example is the post of Senior Diamond Driller at Grade 6. In discussing with the post holder, it was found that there is more to the name than Diamond Drilling. The instrument used for drilling is a diamond drill, but his functions include drilling and obtaining samples to be analysed and interpreted. When the geologists were asked the level of error that is allowed for this activity, they replied “zero”. This means that there is more premium attached to his work than his nomenclature is telling us.
- 8.153 **We recommend** that Schemes of Service of all professional staff are rewritten with the assistance of the HRMO project, with a view to assessing the correctness of grading.
- 8.154 **Mines Monitoring Officers.** The MMR has 207 Mines Monitoring Officers (MMOs). This group of staff is presently under the administration but physically located in the regions and supervised by Mining Engineers. Some newer MMOs are within the public service, but the majority are political appointments who are paid out of the Mines Monitoring Fund (MMOF).
- 8.155 This category of staff is basically the extension staff of the ministry. The criteria for appointment are three subjects in school certificate or GCE. Notwithstanding, appointments are loose and political, with preference for retired servicemen. When appointed, the ministry organises in-house training for these officers before they are deployed to the field. However, given the lack of criteria for appointment, the Mines Division have problems with MMOs who are semi-literate and cannot fulfil reporting requirements
- 8.156 There is no evaluation of their training or their performance and they are entitled to 10% of their gross annual salary as ex-gratia payments at the end of the year. Some collect these payments, others don't.
- 8.157 This category of officers is very important to the work of the ministry, as it forms the backbone of the inspectorate and monitoring function.
- 8.158 **We recommend** that MMOs be institutionalised in the Inspectorate Unit under the Mines Division, with schemes of service and adequate recruitment criteria.

- 8.159 All field offices reported a pressing need for more MMOs and Mines Wardens. The Makeni office fares worst with only 40 MMOs and 6 Mines Wardens for the whole Northern region. The best staffed district, Kono, has under 40 Mines Wardens and 64 MMOs (75 including those placed at Koidu Holdings), but these cover the most intensively mined and remote areas in the country, and are poorly equipped. All the Field Offices wanted to double the number of these staff. There is an undoubted need for more of these officers, especially with respect to fulfilling data capture for the Cadastre system. In the pilot area, Kono, only 400 of an estimated 1000 plots have been input to the system so far.
- 8.160 However, the MFR team note that these suggested increases may be based on the current level of equipment for these officers. With adequate logistical support, the actual required figure may be much lower. In addition, workload assessment would be helpful in determining what is feasible for the MMOs and MWs to cover in terms of geographic area, number of mines and so on.
- 8.161 **We recommend** that the HRMDU together with the HRMO project and the field offices carry out an assessment of the number of MMOs and MWs required and recruit accordingly. **This should not happen before** the MMOs are institutionalised into the Mines Division.
- 8.162 To clean its personnel base, the MMR should apply a general rule to retire all staff over the age of 60. **We so recommend.**
- 8.163 We also observed that NASSIT forms are still being held in the MMR, and it would be in the ministry's own interest to forward them to NASSIT. **We so recommend.**
- 8.164 We observed that a small but significant number of staff had not been promoted nor had any lateral development for 15 years or even longer. This is hardly ethical.
- 8.165 **TRAINING**
- 8.166 Training and professional development are also areas that are critically lacking in the MMR. Many technical staff in GSD have not had any formal professional development since the 1980s or even earlier. Support staff also receive no formal training in updating IT skills, records management, procurement etc. Middle management and senior staff do not receive any Continuing Professional Development.
- 8.167 **We recommend** that the Administration's HRMDU together with the HRMO project assess training needs in the divisions, plan immediate and short term training programmes, and develop medium and longer term programmes of continuous professional development (CPD).
- 8.168 Due note should be taken of the proposed privatisation of laboratory and drilling units in the GSD. **We recommend** that training programmes for these units should be undertaken after the recommended TA has assessed their capacity needs when privatised – this might include business and marketing related training for example, as well as updating technical skills.

- 8.169 There is an existing programme of training being undertaken by UNDP for the Cadastre system.
- 8.170 **We recommend** that the Administration in conjunction with the UNDP trainers assess areas where there may need to be peripheral training to support the functioning of the Cadastre system. **We further recommend** that once these areas are identified, the MMR request UNDP or another donor's assistance in supplying the necessary training to staff.
- 8.171 There is a serious problem regarding the training for MMOs and for Mines Wardens. This consists of an in-house one week course run by the Mines Division. The problem is that this is an uncertified and informal training, but these officers are dealing with serious matters involving health, safety, and legal compliance. They have powers of search and even arrest under the Diamond Industry Protection Act 2003 (section 10).
- 8.172 Anyone charged by the government to implement the law (such as Mines Wardens and MMOs) should be aware of the law, qualified by the government, and properly certified. Without a definition of competence within the law, government officers cannot be examined, trained properly or certified, and the industry cannot be properly regulated.
- 8.173 This situation cannot be addressed within Sierra Leone until the law and regulations are written, and the institutions that can carry out certified training are developed.
- 8.174 **However, as a medium term measure, we recommend** that once the law and regulations are written, MMOs are trained abroad, on certified courses that meet the GOSL's competency requirements as defined in the new law and until such time as training can be delivered in country.
- 8.175 **EQUIPMENT AND MATERIAL RESOURCES**
- 8.176 Implementation of the CMP 2004 strategic objectives requires that the MMR not only has the human capacity to carry out required functions, but that it has the necessary equipment and resources as well. As revealed in the Overview, the ministry lacks equipment and material resources.
- 8.177 It will be necessary for there to be a significant investment in upgrading all units of the GSD. The drilling and laboratory units must have up to date equipment and facilities in order to be privatised, and to be able to deliver the quality and range of services expected and required by serious investors in mining and exploration.
- 8.178 **We recommend** that the MMR seek private partnerships to invest in the upgrading of laboratory and drilling units.
- 8.179 **We recommend** TA to design an operational framework for this public- private partnership that will ensure fair and equal access to services for all companies in the mining sector. If the operational framework is not well-designed, it would be possible for the private sector partner to establish a monopoly, with adverse effects on inward investment.

- 8.180 There will also need to be upgrading of the equipment and facilities of the remaining core unit in GSD engaged in cartographic and licensing (including the Cadastre) services. There are likely to be indirect equipment requirements to the Cadastre system in terms of providing peripheral support to the system.
- 8.181 For example, the RM team identified a serious constraint in the Cartographic section as being obsolescence of equipment for drawing maps, which date from the 1980s. In addition there is no equipment for interpretation of aerial survey results.
- 8.182 **We recommend** that the MMR request the donors supporting the implementation of the Cadastre to assess the peripheral equipment requirements of the MMR. **We suggest** that the donors then agree a support package to meet these requirements.
- 8.183 Within the Mines Division, there is an immediate requirement for logistical support to the inspectorate. This is in terms of four wheel drive vehicles, motorbikes, and radio communication sets. The unanimous request from the field offices is for motorbikes, specifically TVS Max100R bikes which are low cost, reliable and good for the bad road conditions encountered by MMOs and MWs.
- 8.184 **We recommend** that following the assessment of the manpower requirement for MMOs and MWs, an allocation from the GRS Essential Equipment Fund is used to purchase an appropriate number of motorbikes for their official use.
- 8.185 **ACCOMMODATION**
- 8.186 The MMR needs to be physically integrated on one site. As it is impossible to move the laboratories of the GSD, and as privatisation is a phased medium to longer term objective, the MMR's Change Management Team (CMT) has chosen the New England site as the logical choice of location for the MMR. Present accommodation is inadequate, with conditions resulting in the destruction and decay of vital records. It will therefore be necessary to design and construct new premises on the existing MMR plot. The MMR hope to achieve this within three years.
- 8.187 **We recommend** that the MMR commission the Government Architect to submit drawings to Cabinet for approval by the end of November 2005.
- 8.188 At Field Office level, **we recommend** that the accommodation in Kenema be refurbished. While the Bo Office is too small, it is managing, and there are other priorities for the ministry to address before considering enlarging this office. **We recommend** that enlarging the Bo Office is considered as a medium term priority.
- 8.189 **COMMUNICATIONS WITH STAKEHOLDERS**
- 8.190 The MMR's stakeholders have diverse and sometimes divergent interests in the minerals sector. These stakeholders include
- Other ministries and executive agencies of government including the NRA-GDD, the SLP, and Customs and Excise.
 - International Governments, donors and other international bodies involved in the Kimberley Certification Process.

- Private sector miners including large-scale investors, venture miners, small-scale industrialised mines
 - Private sector actors in the diamonds/precious minerals marketing chain, including dealers, supporters, and exporters.
 - Artisanal miners.
 - Elected local governments, and traditional rulers
 - Civil society, encompassing national and international NGOs, the Union of Mineworkers, press and media.
- 8.191 Managing communications with these stakeholders is difficult because of their diversity, different agendas and interests relating to the mining sector. These difficulties are compounded and exacerbated for the MMR by its lack of resources and manpower.
- 8.192 The MFR team together with the Democratic Governance Advisor from the GRS observed that relations with international actors, with the private sector, and with local councils and traditional rulers were strong, with good communication and information flows.
- 8.193 Communication with two government agencies, the GDD and the NRA, is good, but generally horizontal communication with other ministries is poor.
- 8.194 Especially critical is communication with the Ministry of Lands, Housing and the Environment with reference to the cross-cutting environmental impact of mining activities. Other key MDAs include the Ministries of Finance, Local Government and Community Development, Foreign Affairs and Trade and Industry, the Office of National Security, the Sierra Leone Police, and Customs and Excise.
- 8.195 While the MMR had made efforts to engage civil society organisations, including consultations with the Campaign for Just Mining (CJM) in forming the CMP, there was a limited information flow to these stakeholders. This situation has led to misconceptions and inaccurate inferences on the operations of the ministry by the general public.
- 8.196 For example, the public is not well informed about the processes of mining licences, and who owns the proceeds from mining ventures. This results in unrealistic public expectations of the government
- 8.197 In addition, there is a lack of awareness of the resource constraints under which the ministry operates. The MFR team heard of several cases where ministry officials had unsuccessfully attempted to investigate instances of alleged smuggling/wrongful possession of diamonds, and were assumed by civil society to be in league with wrong doers.
- 8.198 In fact, the lack transport and communications puts ministry officials at a severe disadvantage in monitoring, tracking and apprehending dealers and supporters who are equipped with modern four wheel drive vehicles and sometimes radio hand sets.
- 8.199 The CJM representatives met by the MFR team at regional and district level betrayed poor level of substantive knowledge about and analysis of a number of key issues. These included factual knowledge of the incidences of smuggling and

illegal mining, understanding the processes and level of investment required in LSM, and awareness of statutory/legal matters.

- 8.200 However, it is also true that the MMR needs to better engage with its civil society critics. For example, the lack of information flow to stakeholders was due largely to the reluctance of MMR officials to present written answers to questions. The MMR also began a series of monthly meetings with the CJM in 2004. However, the civil society organisations involved report that the ministry stopped holding the meetings when they began asking for substantive information on issues such as child labour, environmental degradation, and the activities of the LSM sector. This is a failure of the MMR.
- 8.201 **We recommend** that the MMR reintroduce monthly stakeholder meetings including the United Mineworkers' Union and the CJM.
- 8.202 **We recommend** that the MMR also include a representative from the ENCISS programme in these meetings. This person can help facilitate better communication by civil society organisations with the MMR.
- 8.203 In addition, all civil society organisations reported great difficulty or impossibility in getting facts, figures and substantive information from the ministry, including information of which companies had what mining leases and for what period, and information on the Kimberley Process. The perception of civil society organisations is that the ministry only consults once it has made a decision, and only releases information when it wants to.
- 8.204 These are serious failings of the ministry. However, the MMR is being proactive in attempting to address its stakeholder relations by forming a Public Information Unit (PIU). This unit will need to access and coordinate information and records from all MMR divisions. It will also need to focus heavily on radio communication as opposed to printed media, given the limited coverage of newspapers outside Freetown and the significant level of illiteracy across the country.
- 8.205 It is vital that the information unit should not be regarded as a propaganda unit of the MMR. Difficult and controversial issues need to be addressed in a direct manner, with a clear articulation of the MMR's position or policy, but with respect for any opposing points of view. The MMR should proactively seek views through discussion with public groups and organisations. In essence, it should be a unit that manages public relations for the ministry, rather than simply releasing information.
- 8.206 This will require staff who are experienced in the media, have a sound knowledge of ministry policies, and sector problems and issues.
- 8.207 **We recommend** that the information unit be renamed a Public Relations Unit, with the functions of managing public relations, and creating public and stakeholder awareness and understanding of ministry policies.
- 8.208 As such, this unit will be a key change management tool for the MMR. Implementing the objectives of the CMP 2004 will require on occasion driving difficult changes. For example, implementing policies in line with CMP

objectives on development impact (numbers 6, 7 and 10) may require mine supporters to pay a minimum wage, spend money on environmental rehabilitation, and provide basic services to diggers. Reforming the license system and introducing better taxation will also encounter strong resistance from those who under the present system operate anonymously and cost-free. The role of the PRU will be both to manage communication so that stakeholders and the public can see the wider benefits of ministry policies, and to advise the policy makers in the MMR on the issues of public concern, and how these should be factored in to policy implementation.

8.209 In view of this change management function **we recommend** that the PRU report directly to the Director General as shown in the proposed organogram for the MMR in Appendix E.

8.210 **WIDER ISSUES**

8.211 The MMR is a small ministry whose operations have uniquely wide implications. The MMR is already one of the two biggest contributors to the GDP, and could be one of the country's main motors for development if it can achieve the strategic objectives of the CMP 2004. At the same time, failure to address the problems and challenges of the AM sector will pose a real threat to consolidating the peace and reducing poverty.

8.212 **Evidence for policy making:** In AM areas poverty is endemic, and security fragile (Global Witness, PDA). Surprisingly little in-depth research has been done on AM miners' livelihoods. Having a clear and comprehensive picture of the AM sector from a livelihoods perspective as opposed to an economic or technical one (the MMR's natural focus) would provide a sound basis for the ministry and the government to design truly effective policies for reducing poverty and vulnerability among mine workers. Such a picture could inform decisions on decentralisation of functions, targeting of support and MMR services, and protecting children's rights, for example. It may also reveal factors contributing to violence and instability through a consideration of institutional and vulnerability contexts.

8.213 **We recommend** that the MMR together with a donor partner carry out a thorough national Sustainable Livelihoods Analysis (SLA) of the artisanal mining sector for both diamonds and gold. The SLA should be undertaken by a multidisciplinary team, including technical expertise in the mining and marketing sectors, and should be in partnership with MMR staff. The end product will be a key policy tool for the MMR in addressing poverty and insecurity in the sector, and in targeting ministry services effectively. The process of carrying out the SLA will also build the capacity of the MMR and its staff.

8.214 **Gaining broader input to mining sector policies:** The mining community would like to see the restructuring of the Minerals Advisory Board (MAB) so they can carry out their functions efficiently. This is an advisory body to the Minister on minerals policy

8.215 At present, the Board is predominantly comprised of government officials. It is supposed to make recommendations on whether or not investments should go ahead. However, the MAB does not at present have the resources or expertise to

fully research the backgrounds, including the financial backgrounds, of prospective investors. More private sector expertise could address this critical failing.

- 8.216 In addition, the CMP 2004 requires a much broader input into policies for the sector, covering fiscal regime, technical, social development, employment, and environmental issues. The composition of the Board needs to reflect this breadth to enable it to provide effective advice on realising the wide objectives of the CMP2004.
- 8.217 **We recommend** that government representation on the MAB be reviewed and greater representation given to other stakeholders, including professionals from the private sector, the United Mineworkers Union, and civil society.
- 8.218 **We further recommend** that the MAB should be free to choose its own Chairman (rather than this position being mandated by the Act). This will strengthen the Board, and thus improve its advisory function.
- 8.219 **The recruitment pool for the MMR and mining sector.** The future of the MMR is jeopardised by the almost complete lack of qualified graduates in core technical disciplines being trained by the universities. There are only a handful of geologists produced every year, and there are no mining engineers or mineralogists because there are no courses in these disciplines. As well as the ministry's critical requirement, there is also a requirement for graduates in these disciplines from industry. This will grow as more LSM companies invest in Sierra Leone.
- 8.220 This situation requires tackling on a number of fronts. Firstly, there need to be graduates in these disciplines produced as soon as possible. The only way to do this in the short term will be through scholarships for overseas study (section 8.222 below). Secondly, courses must be created at the universities to produce these graduates in the medium to longer term (see 8.229 below).
- 8.221 The Ministry of Education, Science and Technology (MEST) already administers a Sponsorship scheme for overseas study. In addition, there are various bilateral sponsorship schemes, for example the British Chevening Scholarship, and also WB scholarships. It is very important for the ministry to get advice on which courses are of higher quality. Consulates and bodies sponsoring courses in their countries may not have this knowledge about specialised areas of study. The MMR should also get the opinion of mining companies and of technical experts working in mining sector projects on this matter.
- 8.222 **We recommend** that immediate communication is established with the MEST to ensure that the next round of overseas scholarships includes a large quota of mineralogists and mining engineers. Sponsored students would need to be bonded to the MMR for a period after graduation to ensure retention of expertise.
- 8.223 **We recommend** that the Chamber of Mines, investors and companies whose needs are likely to grow (such as Sierra Rutile) are should be consulted to try and establish the numbers of graduates required for each discipline over the next few years.

- 8.224 **We further recommend** that companies should provide summer vacation jobs for graduates.
- 8.225 A prerequisite for putting potential students through sponsorship schemes is to make young people wishing to go on to higher education aware of the existence, market demand, and inherent interest of these technical disciplines. If no one knows about, or is interested in studying, geology, mining engineering, or mineralogy, than having 20 bursaries for overseas study will be pointless. Strategies for raising awareness and interest could include radio and press advertising, and ministry ‘road shows’ (visits and talks) to good upper secondary schools.
- 8.226 **We recommend** that designing and implementing such strategies should be done as a priority, and should be one of the first tasks given to the PRU.
- 8.227 It could also be a condition of LSM agreements that graduates are supported by companies establishing themselves in the country. There would need to be an agreement worked out whereby the graduate was bonded to government service for a period either before working in the sponsor company or for a short period after a term of employment, perhaps as a ‘sandwich’ arrangement.
- 8.228 **We recommend** that part of the package of tax and other benefits to mining investors should include conditions relating to sponsoring nationals in these key areas.
- 8.229 Getting a pool of graduates produced by the national universities requires the said universities to have lecturers and resources to deliver courses. These courses will need to be to the standard required by a very demanding industry. This is a matter for the MEST and the universities, but will need a strong MMR input. Fourah Bay College produces both geologists and civil engineers. It would not take too much effort to develop a mining engineering course by drawing on the existing skills and by strengthening these two faculties. The addition of some specialist courses such as underground mining and rock mechanics, would enable Sierra Leone to develop a comprehensive mining course, possibly within 2 years. Close co-operation with Tarkwa Mining University in Ghana and one or two UK Universities could be used to speed up the process. The main difficulty will be attracting suitably qualified staff. The wages paid in the education sector are very low. Technical assistance could be sought by the MEST or Universities.
- 8.230 **We recommend** that the MMR start discussions with Fourah Bay College to introduce the needed courses, and facilitate wider discussions with Tarkwa and suitable UK tertiary institutions.
- 8.231 One factor that would help achieve and maintain these required professional standards is the creation of an Institute of Mining. There is interest from some overseas bodies including Southampton University in the UK and a Canadian Mining Institute in helping set this up in Sierra Leone. This professional body will take a lead role in the development of the cadre and standards within the industry.
- 8.232 **We recommend** that the MMR establish contact with these international institutions, and develop a plan and timescale for the creation of a Sierra Leonean Institute of Mining.

- 8.233 **Chamber of Mines:** Before the rebel war, there was a Chamber of Mines in which the mining public was represented and the chairman was also a member of the Minerals Advisory Board. This body, although not a government institution, was a platform for communication with the government. While the Chamber of Mines has been reconstituted, it is not as yet functioning. A properly functioning Chamber of Mines will be in the interest of the MMR.
- 8.234 **We recommend** that the MMR should start dialogue with the mining community to regenerate the Chamber of Mines.

9.0 IMPLEMENTATION PLANNING PRIORITIES

Recommendations that can be implemented in the short term	Approx. timescale	Responsibility
The MMR to obtain several copies of the South African Mining Regulations as guides for forming their own regulations. They are published by Butterworths, ISBN 0409028983, at £103 per copy (Rec.3)	Immediate	MMR
Ensure that the requirements of mining investors and the objectives of the CMP are built in to the general national guidelines attracting external investment (Rec.6)	Immediate	MMR
Continuation of CMT after MFR (Rec.7)	Immediate	MMR
Strengthening MAB (Rec.9, 10)	Within 3 months	MAB with Minister of Mineral Resources
Assessing demand for graduates in mining disciplines, sponsoring students for study in required disciplines, and creating domestic production of suitably qualified graduate workforce.(Recs. 11, 12, and 16)	Immediate	MMR, with Fourah Bay College, (MEST and donors to facilitate if required)
Creation of a Sierra Leonean Institute of Mining (Rec.17)	Within three months (finalising plan may take longer)	MMR
Regenerate the Chamber of Mines (Rec.18)	Immediate	MMR
Reconsider what functions could be devolved or deconcentrated in conjunction with the relevant local councils (Rec.20)	Within 3 months	MMR, DecSec, Local Government Finance Department
Gold assaying function is immediately passed from the MMR to the GDD (Rec.29)	Immediate	GDD (NRA)
More proactive approach to registering AM supporters is adopted by all field	Immediate	MMR

offices, and guidelines issued to field offices on gaining supporter registration.(Rec.33)		
MMR to strengthen Objective 3 of the CMP, enforce compliance, and apply sanctions to transgressing companies (Rec.31,34, 35, 36, 38)	Immediate	MMR
Mines monitoring, inspection, and licensing become officially the remit of the Mines Division (Rec.40)	Immediate	MMR
Integrate all support functions into the Administration (Rec.44)	Immediate	MMR
Consolidate all records of the Mines and Administration Divisions, and the personnel and financial records of the GSD within the central registry.(Rec.45)	Immediate	MMR and RMT
Accounts placed under the PS (Rec.48)	Immediate	MMR
Integration of 3 budget subcommittees into one Budget Committee. (Rec.49)	Immediate	MMR
Production of clear policy and guidelines on the use and administration of the MMOF (Rec.50)	Within 1month	MMR
Establish Procurement Committee (Rec.51)	Immediate	MMR
Formation of Internal Audit (Rec.52)	Immediate	OAG and MMR
MMOs institutionalised in the Inspectorate Unit under the Mines Division, with schemes of service and adequate recruitment criteria (Rec.60)	Within 3 months	MMR, ESO
Retire all staff over the age of 60. (Rec.62)	Immediate	MMR, ESO
Forward employee NASSIT forms to NASSIT (Rec.63)	Immediate	MMR
Assess areas where there may need to be peripheral	Within 3 months	MMR with donor partners

training to support the functioning of the Cadastre system (Rec.66)		
Purchase of motorbikes for MMOs and MWs. (Rec.72)	Immediate following approval of MFR	MMR with PAI /GRS
Submit drawings to Cabinet for approval by the end of November 2005. (Rec.73)	By November 2005	MMR
Reintroduction of monthly stakeholder meetings including the Union Mineworkers and the CJM (Rec.76)	Immediate	MMR, UMU, Civil Society
Strengthening information unit to form PRU (Rec.78 and 79)	Within 3 months	MMR
Recommendations that have a High Priority but require organisation and planning	Approx. timescale	Responsibility
Design and implementation of awareness raising strategies for careers in mining and incentives for private sector support (Rec.14 and 15)	3 months	MMR
Development of strategies for regulating taxation responsibilities of businesses engaged in mining, dealing, supporting, and exporting precious minerals from the AM sector (Rec.19 and 31)	6 months	MMR, NRA, donors
Devolution of registration and licensing of AM miners, supporters, dealers and their agents to District and Town Councils (Rec.21)	6 to 12 months	MMR, DecSec, Local Government Finance Department
Requirement to register supporters is included in the new law drafted from the CMP (Rec.32)	6 months	MMR
MMR allocates resources to monitor and regulate gold mining and the gold marketing chain more effectively (Rec. 34)	3 to 6 months	MMR
Integration and computerisation of Exploration and Prospecting	3 to 6 months	MMR,

Licenses. (Rec.37)		
Restructuring of MMR (Rec.41)	6 months	MMR
Recommendations relating to Human Resource Management and development issues		
Development and implementation of contracting out for IT support (Rec.47)	6 to 9 Months	MMR
Develop effective HRMD strategies and processes (Rec.53)	6 to 9 months	MMR, HRMO project (PAI)
Creation of new Director General as single technical head of ministry (Rec.54)	6 to 12 months	MMR, Office of President
Institute structure for the field offices in Appendix E, (Rec.42)	6 to 9 months	MMR
Manpower plan for staff recruitment (Rec.56)	6 to 9 months	MMR, HRMO project
Set up a Human Resources Management and Development Unit (HRMDU). (Rec.58)	6 to 9 months	MMR, HRMO project
Develop new Schemes of Service of all professional staff (Rec.59)	3 to 6 months	MMR, HRMO project
Assessment of the number of MMOs and MWs required and recruit accordingly (Rec.61)	3 to 6 months	MMR, HRMO project
Assess training needs in the divisions, plan immediate and short term training programmes, and develop medium and longer term programmes of CPD. (Rec.64)	6 months	MMR, HRMO project
MMOs are trained abroad, on certified courses that meet the GOSL's competency requirements as defined in the new law and until such time as training can be delivered in country (Rec. 68)	Following approval of new Mineral's Act	MMR, MEST,

Recommendations relating to material resources and external inputs	Approx. timescale	Responsibility
Creation of new law on basis of CMP. Dispense with existing legislation. (Rec.1)	To be assessed following initial TA	MMR, Law Reform Commission, donor partners
Produce regulations for the mining sector on basis of new law. (Rec.2, 3 and 4)		MMR – donor TA
Assess fiscal incentives with appropriate controls to attract investors into the mining sector. (Rec.5)		MMR, NRA, donor TA
Sustainable Livelihoods Analysis (SLA) of the artisanal mining sector for both diamonds and gold (Rec.8)		MMR, donor TA
Companies provide summer vacation jobs for graduates (Rec.13)		MMR, private sector
Planning and implementation of privatisation, capacity building, phasing, and timescale of the privatisation, (Recs.22, 23, 25, 26, 27 28, 39,65,69,70)		MMR, Donor
Redefinition of AM licenses to include other precious minerals (Rec.30)		MMR, DFID DSP, PDA, other donors
Technical assistance (TA) to the MMR in terms of filling the senior professional posts when existing public servants retire. (Rec.55)		MMR. Donor
Identification and design of salary support package (Rec.57)		MMR, HRM project, Office of President, donors
IT Training and equipment (Rec.46, 67 and 71)		MMR, donor
Purchase of motorbikes for MMOs and MWs. (Rec.72)	Immediate on approval of MFR	MFR, PAI/GRS
Refurbish accommodation in Kenema and enlarge Bo(Rec.74)	Within 6 months	MMR
Arbitration of monthly stakeholder consultations (Rec.77)	Immediate	MMR, GRS, ENCISS

FUNCTIONAL AND MANAGEMENT REVIEW OF
MINISTRIES
MANAGEMENT AND STRATEGY QUESTIONNAIRE

The purpose of this questionnaire is to determine the nature of the overall strategy and structure of the ministry / department/ division/ agency/ unit to enable the MFR team to identify key issues and determine the approach to further research and interview. Please complete all 10 questions and table 1 and 2 as far as you can. A member of the team will be pleased to assist with any difficulty.

MINISTRY:

.....

NAME OF POST HOLDER:

.....

DEPT/ DIV/ AGENCY/ UNIT:

.....

JOB TITLE:

.....

LOCATION:

.....

DATE: **TEL (MOB/ LAND)**.....

Please answer the following questions as comprehensively as possible. If there is insufficient space to answer fully any question, please record your name and relevant additional comments on page 4 or on a separate sheet of paper and attach it with you name and contact number.

SECTION A: FUNCTIONS/ STRUCTURE

1. Please list the main functions of the ministry/ department/ division/ agency/ unit for which you are responsible.

2. Are there agreed work plans to implement the functions/ activities of your ministry/ department/ division/ agency/ unit? **If not**, how is work organised, coordinated and monitored?

3. Please state any problem (s) encountered in carrying out these functions. What procedures/processes could be improved?

4. Does your ministry/ department/ division/ agency/ unit collaborate with other ministries/ departments/ divisions/ agencies/ units in the performance of functions? If **any**, please indicate.

SECTION B: ORGANISATION/ OPERATIONAL STRUCTURE

5. Please indicate the number of staff for whom you have managerial/ supervisory responsibility within the ministry/ department/ division/ agency/ unit. Do you have responsibility for staff elsewhere?

6. Are you in charge of any donor-supported programme? (**Yes / No**).
If **yes**, what are the programmes and outline the budget, purpose and your own or / department/ division/ agency/ unit role.

SECTION C: PERFORMANCE MANAGEMENT AND TRAINING

- 7a. Are staff provided with job descriptions? (**Yes / No**)

- b. Is a staff performance appraisal scheme in place and operating? (**Yes/No**)

8. Are training opportunities available for staff? (Yes / No)

If yes, what type and how frequent do they take place?

9. What skills and competencies are lacking in your ministry/ department/ division/ agency/ unit?

SECTION D: COMMUNICATION

10. What are the methods of communication between your ministry/ department/ division/ agency/ unit and the following:

- (i) **Staff:**
- (ii) **Departments:**
- (iii) **Provincial offices:**
- (iv) **Public:**
- (v) **Other MDAs:**

What difficulties arise in these communications?

Please complete Table 1 and 2 with any information you hold

Table 1. Please complete for staff under your command *(by grade)

NO. OF STAFF IN MIN/ DEPT/ DIV AGENCY/ UNIT	STATUS			NO. OF VACANCIES
	PERMANENT	TEMPORARY	CASUAL	

Table 2 Please fill in the following information on equipment in the table below:

AVAILABLE EQUIPMENT		STATUS (TICK APPROPRIATE)			COMMENT (NUMBER REQUIRED)
Type	Number	Good	Requiring service	Obsolete	

If there is any additional information which you would like to draw to the Review Team's attention please make a note here or discuss it with the Review Team directly during the research and interview phase.

ADDITIONAL COMMENTS

Thank you very much for your cooperation

APPENDIX B. LIST OF PEOPLE CONSULTED

Administration

Alhaji M. Swarray Deen	Minister of Mineral Resources
Mrs. M.B. Jones	Permanent Secretary
Mr. M.B Mansaray	Director of Geological Surveys
Mr. T.S.C. Gouldson	Ag. Dep. Director Geological Surveys
Mr. Femi I. Kamara	Assistant Director, Mines Division
Mr. S. K. Braima	Deputy Secretary, Administration, MMR.
Mr. Syl Khanu	Acting General Manager, Marampa Mines, Lunsar
Mr. Mohamed Issa Jalloh	Senior Mines Monitor, Ministry of Mineral Resources
Mr. A.P. Siaka	Principal Accountant, Mines Division
Mr. S.A Ellie	Sub-Accountant, Ministry of Mineral Resources
Mr. Joseph R. Koroma	Sub-Account, Geological Surveys
Lahai Kabba	Government Mining Engineer, Bo, Southern Province
F. Mugbe Bassie	Senior Mines Monitoring Officer, Bo, Southern Province
V.C. Young	Williams- Acting Superintendent, Mines Office, Bo
Fadiru M. Sesay	Asst. Acting Superintendent, Bo
Sorie Ben Sesay	Senior Mines Warden, Bo
Musa M. Abdulai	Mines Warden, Bo
Joseph Philip Mamie	Mines Monitoring Officer, Bo
Abdul Kargbo	Mines Monitoring Officer, Bo
Jonathan A. Sharkah	Government Mining Engineer, Kono
John Simbo	Senior Mines Monitoring Officer, Area "A", Kono
Joseph Sembo Kabia	Senior Mines Monitoring Officer, Area "B", Kono
F.A. Kabia	Senior Area Superintendent, MMR, Kono
Mrs. Fatmata Kanneh	Ag. Sub-Accountant, Ministry of Mineral Resources
Mr. F.E. Kuti-George	1 st Grade Clerk, Ministry of Mineral Resources
Mrs. Elsie Y. Samura	2 nd Grade Clerk, Ministry of mineral Resources
Mrs. Melvina Johnson	2 nd Grade Clerk, Ministry of mineral Resources
Mr. Kai Moses Ngegba	3 rd Grade Clerk, Ministry of Mineral Resources
Mr. Sorie Sesay	Senior Driver, Ministry of Mineral Resources
Ms. Doris Green	3 rd Grade Clerk, Ministry of Mineral Resources
Mrs. Yanoh C. Yamba	Temporal Clerical Assistant, Ministry of Mineral Resources
Mrs. Kadiatu H. Conteh	3 rd Grade Clerk, Ministry of Mineral Resources
Mr. Brima R. Kanu	Temporal Clerical Assistant, Ministry of Mineral Resources
Miss Adeline Kargbo	3 rd Grade Clerk

Mines Division

Mr. Ahmed S. Tholley	1 st Grade Clerk, Mines Division, Makeni
Mr. F.B. Munu	1 st Grade Clerk, Mines Division
Mrs. Dorothy Morgan	2 nd Grade Clerk, Mines Division
Mr. F.E. Kuti-George	1 st Grade Clerk, Mines Division
Mr. Abu Kamara	Senior Messenger, Mines Division
Mr. Lansana Conteh	3 rd Grade Clerk, Mines Division
Mr. Easmon L. Massaquoi	Temporal Clerical Assistant, Mines Division
Mr. Gibril F.K. Fullah	2 nd Grade Clerk, Mines Division

Geological Survey Division

Mr. Amara Bangura	Draughtsman Grade II
Mr. Amin L.O. Kamara	1 st Grade Clerk, Acting H.E.O.
Mrs. Daniella Bull	Senior Draughtsman
Mrs. Rugiatu Fofanah	2 nd Grade Clerk
Mr. Lahai Damassie	Drill Labourer

Mr. Alusine A. Koroma	Lab Technician
Mr. Robert E. J. Kaitell	Drill Operator
Mr. John Kabba-	Field Assistant Grade I
Mr. Bockarie M. Koroma	Sen. Lab. Technician
Mrs. Beatrice Moore-	Grade II Clerk
Mr. Mustapha Kargbo-	Senior Driver
Mr. Tamba Matturi	Driver
Mr. Amadu Koroma	Cleaner
Mr. Sorie Kamara	Class. II Pen. Messenger
Mr. Yusufu Conteh	Class. II Pen. Watchman
Mr. Lansana Mansaray	Class. II Pen. Labourer
Mr. Sorie Dumbuya	Class. II Pen. Labourer
Mr. Foday Kamara	Class. II Pen. Watchman
Mr. Banku Samura	Class. II Pen. Lab. Attendant
Mr. Kelfa Samura	Class. II Pen. Lab Attendant
Mr. Musa Kargbo II	Class. II Pen. Lorrymate
Mr. Juma Kargbo	Class. II Pen. Lorrymate
Mr. Momoh Bangura	Class. II Pen. Drill Operator
Mr. Abu Turay	Class. II Pen. D/Labourer
Mr. Gbonko Kargbo	Class. II Pen. Watchman
Mr. Brima Seasay	Class. II Pen. Lab. Technician
Mr. Mohamed Kargbo	Class. II Pen. Draughtsman
Mr. Musa Kargbo	Class. II Pen. Lab. Attendant

Ministry of Finance

Mr Alieu Sesay	Head of Revenue and Tax Policy Department
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National Revenue Authority Representation (Ministry of Finance)

Mr Lawrence Myers	Director, Government Gold and Diamond Department
Mr. Alfred Akibo-Betts	Acting Senior Collector, Ministry of Mineral Resources
Mr. Mohamed Nasiru Kallon	Collector, Ministry of Mineral Resources
Mrs. Jeneba Brima	Collector, NRA

Local Government

S.E. Tamba	Chairman, Kono District Council
Lawrence Sahr Karminty	Councillor, Kono District Council
P.C.S. F. Korgbende Kamachende III	Paramount Chief, Kono

Civil Society Representation

Mr. Konton Sesay	ENCISS Coordinator, Governance Reform Secretariat
Mr Ezekiel Dyke	United Mineworkers Union

Western Area

Mr. Philip G. Lansana	Coalition of Civil Society
Mr. Charles Mambu	Coalition of Civil Society
Mr. Eddie P. Bockarie	Coalition of Civil Society
Mr. Abass Kamara	NMJD
Ms. Esther M. Kamara	NMJD

Northern Province

John Banato Sesay
Abu Bakarr Koroma

Ibraheem Daramy Secretary,
Sam Mokuwa
Brima Jalloh
Adama M. Kabia
Fatmata Kamara- Sheriff
Samuel Koroma-
Alhaji M.L. Sesay
Marie S. Conteh
Gibow V. Senesie
Sullay Sankoh

Regional Coordinator, SLCRA, North, Makeni
Community Mobilisation for Poverty Alleviation Social
Services
BSYC; North, Makeni
ENCISS
Centre for Democracy and Human Right, Makeni
Campaign for Good Governance, Makeni
Women in Action, Makeni

FORDI Programme Officer, North, Makeni
Defence for Children International, Makeni
Defence for Children International
CARE, North, Makeni

Southern Province

Gibril Maada Bassie
Issac P. Tucker
Paul L. Koroma
Francis M. Rogers
Sam A. Goba
Maxwell Kemokai
Sylvester Massaquoi

Director, CARE Sierra Leone
Project Animator, NMJD, Bo
Programme Coordinator, NMJD, Bo
Campaign for Just Mining, Bo
Campaign for Collective Development (CCD), Bo
Programme Officer, Forum for Democratic Initiative, Bo
Director, My Brother's Keeper, Bo

Eastern Province

Tamba Gbenda
Samuel Kamande Saquee
Tamba Sendy
Mohamed Jamin
Michael Khanu
Musa Berelay
Esther S. Koineh
Hannah K. Charles
Sahr A.B. Musa
Alpha K. Baryoh
Sia B. Nyandemoh

Musa S. Jamiru
Finda Z. Nyandemoh
Sia Alice Bockarie Torto
Moila Kamara
Cecilia Allieu-
Alice E. McCarthy
Adama F. Jusu
Abu Gbewa Bockarie

Princess Dakona Rogers
Paul Kpundeh
M.K.Sei- Coordinator
Alex K. Kallon

Secretary General, Campaign for Just Mining
National President, Kono Students Union (KONSU)
Kono Students Union (KONSU)
Member, Kono Students Union
Public Relations Officer, Kono Students Union
Member, Kono Students Union
Member, Kono Students Union
NMJD
NMJD
Secretary General, Learn to Read and Write Program
Forum for African Women Educationalists (FAWE),
Kono
Affected Property Owners Association, Kono
Movement for Concerned Kono Youths (MOCKY), Kono
CAKDC, Kono
Programme Officer, NMJD Kono
Animator, NMJD, Kono
Administrator, NMJD Kono
Animator, NMJD, Kono
Chairman, Niawama Youth Development Association,
Kono
Gender Desk Officer, MRD-ER, Kenema
HIV/AIDS Field Assnt, NMJD Kono
Friends of the Earth-Sierra Leone
Secretary General, Campaign for Just Mining, Kenema

Private Sector

Mr. H. Mackie	Diamond Exporter
Mr. Jan Joubert	Chief Executive Officer, Koidu Holdings
Mr. Dod Merve	Manager, Koidu Holdings
Mr. Dino Coumho	National Security Manager, Koidu Holdings, S.A
Mr. Lesley Wright	Director, Mano River Mining Ltd
Abdul K. Fofanah- Senior Geologist	Winston Mines Inc; Baomahun, Southern Province

Donors and International Agencies

Lt. Col. Mikhail Kortunenka	UNAMSIL
Cdr. Thomas Baffoe- Mensah	UNAMSIL
Lt.Cdr. J. Collacot	UNAMSIL
Ms. C. Duncan	Senior Governance Advisor, DFID Sierra Leone
Mr. Mark White	DFID
Dr J.P. Ketelaar	DFID Diamond Sector Project
Mr. A. Bennett	World Bank
Mr. Berndt Eckhardt	GIS Consultant, UNDP
Paul Temple	Team Leader, MSI (Peace Diamond Alliance)
Dr. Sahr J. Tongu	Peace Diamond Alliance (PDA), Kono
Asumana B. Turay	Env.Officer, MSI (Peace Diamond Alliance)
Tamba Sandy	Project Coordinator (Peace Diamond Alliance)
Sahr Nyaama	MSI (Peace Diamond Alliance)

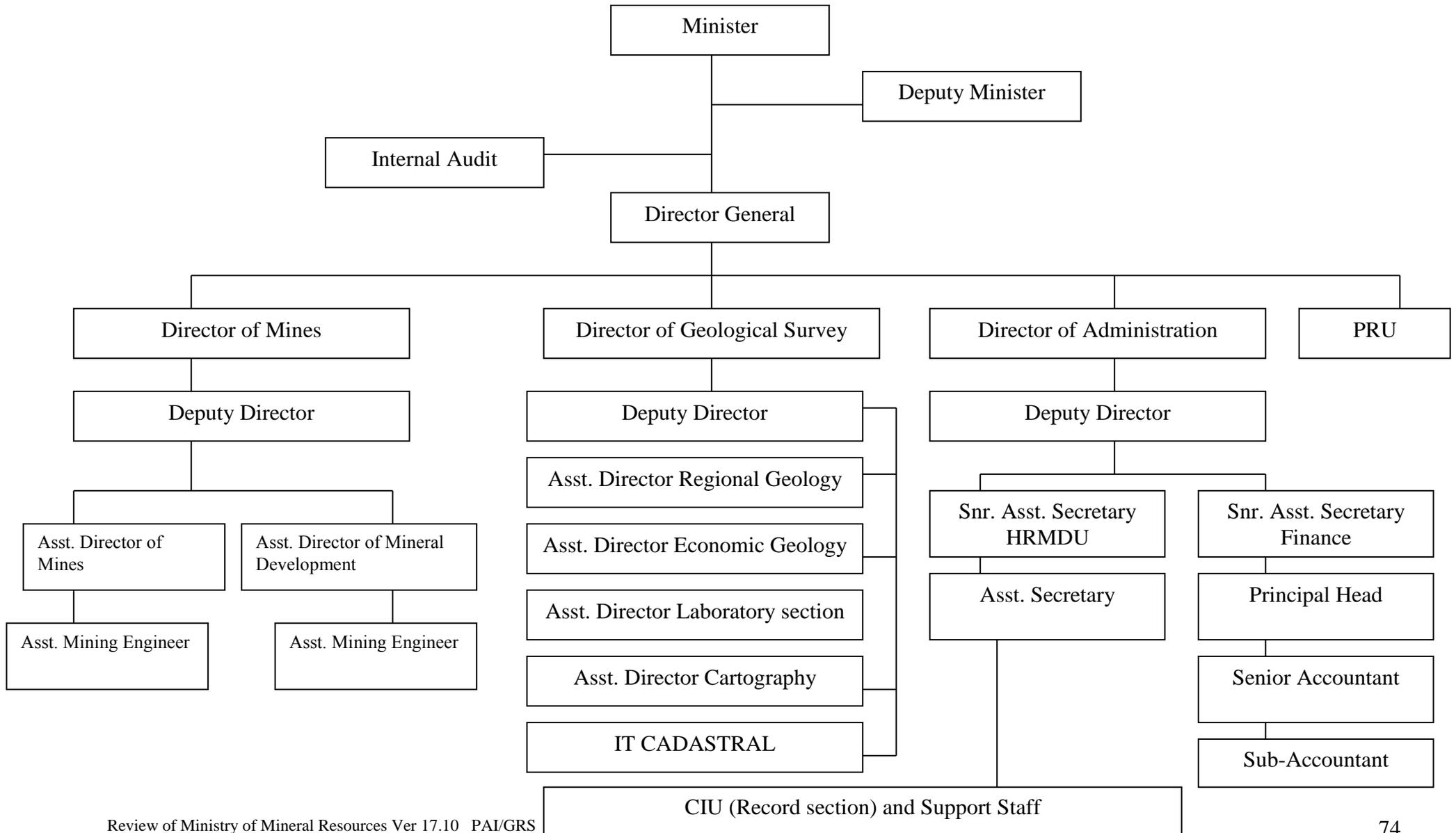
APPENDIX C. LIST OF DOCUMENTS EXAMINED

1. The Mines and Minerals Act 1996
2. The Mines and Minerals Act (Amendment) 1998
3. Core Mineral Policy; 2004, Ministry of Mineral Resources, Sierra Leone
4. Report of the Mines Division, Ministry of Mineral Resources, 1990-2001
5. Sierra Leone Mining Code, February, 2004
6. Contribution of the Diamond Industry to the Economy of Sierra Leone; Tanni Pratt, Joint Managing Director, CEMATTS 2004
7. Details of Policy Measures relating to Small-Scale and Artisanal Mining and Marketing of Precious Minerals, Ministry of Mineral Resources, 2005.
8. Details of Policy Measures Relating to Small Scale And Artisanal Mining and Marketing of Precious Minerals; Ministry of Mineral Resources, 2004
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10. Diamond Marketing in Sierra Leone: A paper for the Law Reform Commission; Dr Jan P Ketelaar and Mr S Koroma, 2005
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12. Environmental and Sustainable Development –Challenges for Sierra Leone’s Mining Industry; Andrew Keil, Executive Director, CEMMATS 2004
13. The Future and Security of Diamond Mining in Sierra Leone; Alhaji M.S. Deen, Minister of Mineral Resources, Sierra Leone, 2003
14. Gold and Diamond Department (NRA) Report 2004; E Tucker 2004
15. IMOF Country Report 04/49 (Sierra Leone), 2004
16. Institutional Appraisal on Ministry of Mineral Resources; Llewellyn Olawale Williams, March 2004
17. Maximizing the Benefits of the Mineral Industry for the Nation; Dr. Jan P. J. Ketelaar; DFID, Diamond Sector Project, April 2005

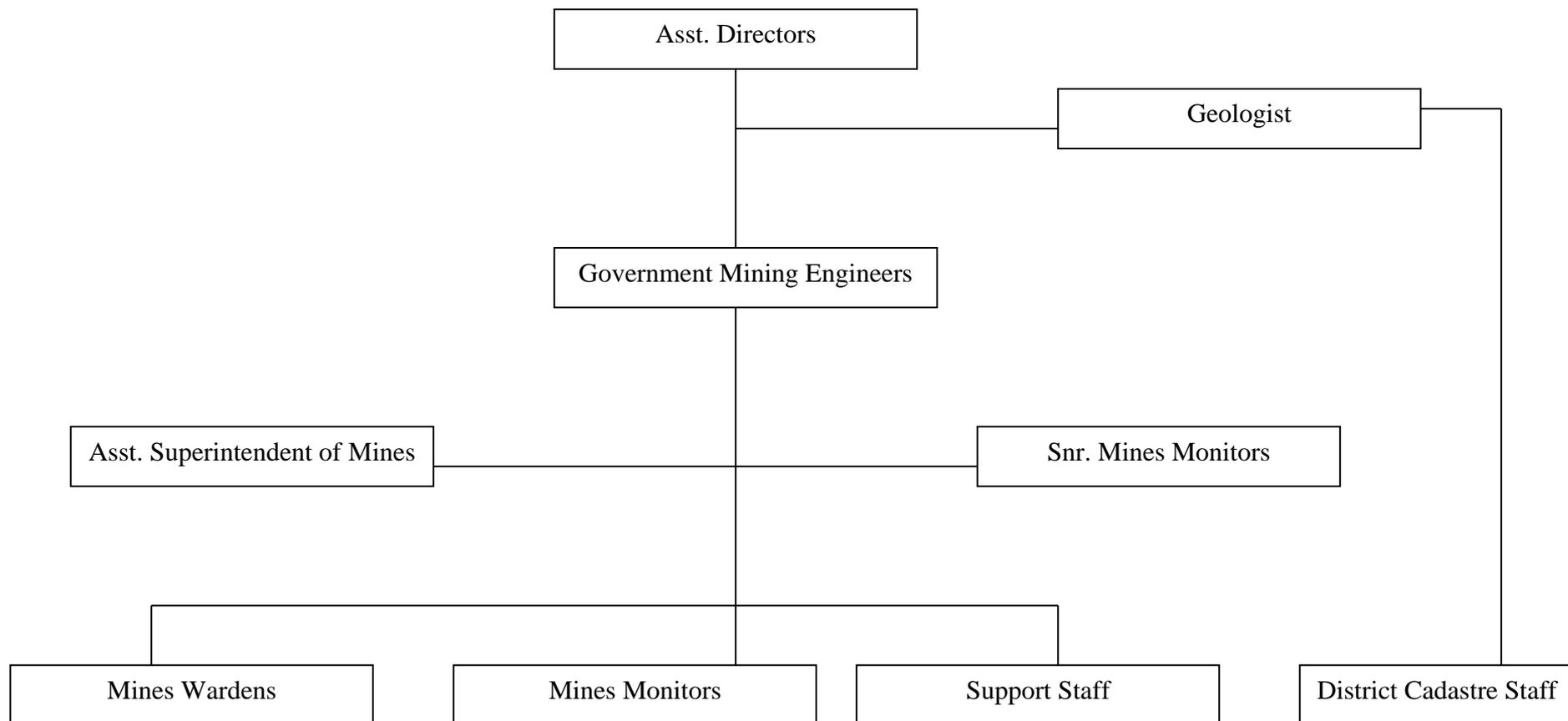
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PROPOSED STRUCTURE FOR THE MINISTRY OF MINERAL RESOURCES

APPENDIX D

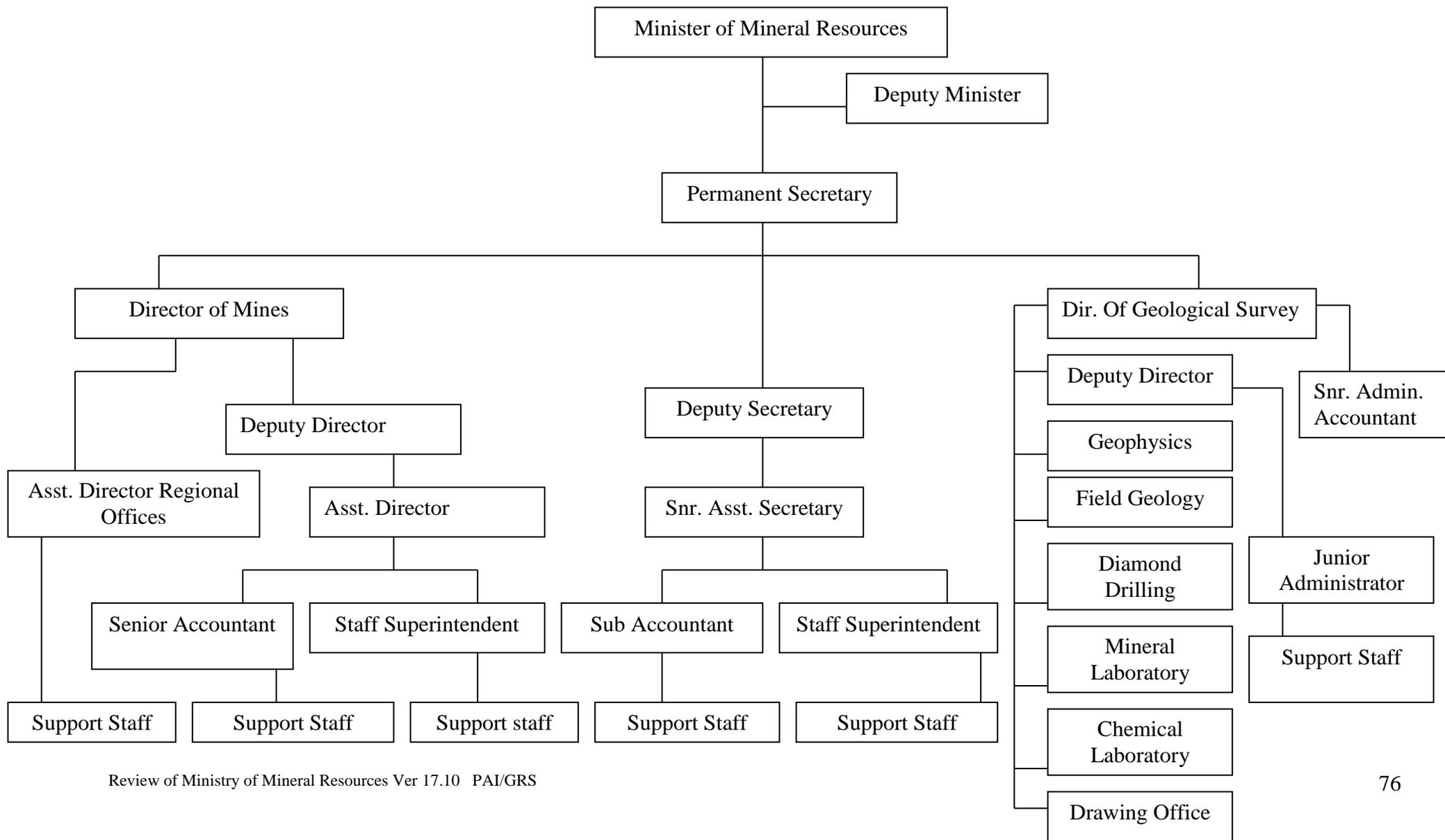


PROPOSED STRUCTURE AT REGIONAL HEADQUARTERS OF THE MINISTRY OF MINERAL RESOURCES
APPENDIX E



EXISTING ORGANOGRAM OF THE MINISTRY OF MINERAL RESOURCES AS AT AUGUST 2005

APPENDIX F



**FUNCTIONAL PROFILE OF PROPOSED STRUCTURE OF MINISTRY OF MINERAL RESOURCES.
APPENDIX G**

