

Collecting, Organizing and Delivering Information on the Extractive Sector

Sierra Leone's Concessions Management System

Mining currently constitutes a significant part of Sierra Leone's economy and is set to increase exponentially in the next decade.¹ Effectively managing information on the mining sector and making that information publicly available can be particularly important if the benefits of mining are to be broadly shared throughout society. Following new legislation enacted in 2009, a Mining Cadastre System and accompanying Mining Repository was launched, in which mining concessions data are consolidated and made publicly accessible. As the first of its kind in Africa such an information system presents a number of insights for transparency initiatives and data management.

Sierra Leone's Concessions Management System

The Minerals Cadastre Administration System (MCAS), was set up in Sierra Leone in 2009. An MCAS is a means for government to collect, organize, maintain and deliver data on mineral resources in an integrated and effective way.² It is a tool responsible for the administration of resource rights.

There are two parts to the system:

- *The database.* A database of key information on mining licenses, including their status, location, fees paid/outstanding and ownership of exploration and extraction rights. Data is collected from across government entities, as well as a number of newly established rurally based offices. The licenses are mapped using Geographic Information Systems (GIS) technology, which allows users to view coordinates of concessions on a detailed map of Sierra Leone. The IT system organizes and maintains the data by providing a real time check throughout the lifecycle of the licenses and automatically notifies users of outstanding payments, correspondence or status of license.

¹In 2010, mining accounted for 60 per cent of total exports but only 7.6 per cent of domestic revenue. This is expected to increase significantly as production begins on the recently discovered 10.5 billion tons of iron ore. The IMF estimates that government revenues from mining will rise to 8.5 billion USD during the next 13 years.

²Johnson, S.G. (2008). Paper prepared for the Tenth International Conference for Spatial Data Infrastructure: Building the Cadastral Framework: Achievements and Challenges in the English-Speaking Caribbean. Needham, MA: GSDI Association



- *The online public portal.* As part of the MCAS, a Mining Repository was established in 2012 which publishes all the data on mining licenses mentioned above on a web interface.³ This interface is easily accessible online and delivers the information directly to users.

These information systems were accompanied by a number of additional measures:

- A Mining Cadastre Office was established, acting as the focal point for all applications and license holders.
- A Data Sharing Agreement was signed in order to establish a clear mandate within government ministries and agencies to share information relevant to the MCAS.
- An inter-ministerial task force was created as part of the aforementioned agreement and consists of the main government actors involved in the MCAS. The Taskforce has set up joint inspection teams in order to use the reconciled data to collect outstanding revenue.

How an information system helps a country

If resources are to be governed successfully, government must be held to account for its actions.⁴ This requires publicly available information on the resource sector and on government actions. However, solely publicizing information is not sufficient. The process through which information is made public is equally important. Thus, as making information publicly available is often a laborious bureaucratic process, the wider reforms and policies introduced as part of transparency initiatives present an opportunity for broader gains in government capacity. Furthermore, transparency needs to be systematically applied across the entire decision chain (from the decision to extract to mine closure) otherwise corruption and misallocation are likely to relocate from transparent domains to weaker links in the chain. Information systems, such as the Mining Repository and Mining Cadastre are, however, vital first steps towards a holistically transparent mining sector. Indeed, it being a first step from an initially low level of transparency means that larger gains from reforms can be expected.⁵ Some of these gains are:

- Making information available not only to the public but also coordinating that information between the different government departments allows for intra-government checks and balances to be established, ultimately enhancing the effectiveness and efficiency of public policy. This is seen, for instance, in the Data Sharing Agreement and inter-ministerial Taskforce, which were established.

³ <http://sierraleone.revenuesystems.org>

⁴ See Precept 2 of the Natural Resource Charter. Available at: www.naturalresourcecharter.org

⁵ Glennerster, R., & Shin, Y. (2008) 'Does Transparency Pay?' IMF Staff Papers, 55(1), p.183-209



- A more effective and regulated government approach to managing licenses, where responsibilities are clearly defined, means more stability for mining companies. In turn, this creates a more attractive investment environment. The private sector is clearly also benefitting from the Repository as figures show that 65 per cent of users are either investors or mining companies⁶.
- In making revenue flows and contract obligations publicly available, the risk of corruption and waste are significantly reduced. For instance, discrepancies amounting to several million USD were discovered following the introduction of the Repository⁷. The improved stability that this presents also allows government greater access to both concessional and commercial finance.
- A greater level of access to information is furthermore essential in fostering democratic debate. The Mining Repository allows the public to scrutinize government on whether it is using the countries natural resources to the benefit of the people. To this end, journalists are to be trained on using the Repository so as ensure a fact based public debate.

Why is the system successful?

- *Political support.* The mandate for establishing a MCAS in the new Mining Act of 2009 as well as strong political backing was a vital condition for overcoming opposition to improved transparency from entrenched interests.
- *Government cooperation.* First, an official Data Sharing Agreement was signed by ministers, providing an official mandate for sharing financial and MCAS information. Second, an inter-ministerial Task Force of all reporting agencies of the MCAS was established and meets on a weekly basis. This ensures that ambiguities in responsibilities between agencies were clarified and institutional capacity enhanced.
- *Donor/contractor support to train government staff.* The continued backing of the donors has also been crucial due to a lack of institutional capacity. To this end the contractors which established the online system also had staff based within the Mining Cadastre Office to support change in administrative processes. Training has also been provided to government staff on how to use the IT based systems.

⁶ Chambers, L; Dimitrova, V & Pollock, R. (2012) 'Technology for Transparent and Accountable Public Finance' Open Knowledge Foundation

⁷ Deutsche Gesellschaft für Internationale Zusammenarbeit (2012) 'Resource Governance in Fragile States of West Africa (Sierra Leone): Transparency and Public Financial Management' Deutsche Gesellschaft für Internationale Zusammenarbeit



Conclusion

The management of information on extractive operations is of vital importance for improved natural resource governance. Cadastre systems such as the MCAS allow government to consolidate their license management, enhancing their operational capacity as well as their access to finances through reconciling company payments and access to lending. In a highly innovative approach Sierra Leone sought to make the information, which was already collected and maintained in the database, also publicly available through an online Mining Repository. Such increased transparency opens the space for democratic debate based on facts. Both information management systems enhance government accountability in the mining sector, it is crucial however that transparency be implemented throughout the entire process chain rather than the mere act of releasing data becoming a panacea.