

**COMMUNITY DEVELOPMENT AGREEMENT  
BETWEEN**

**BAUXITE MINING COMMUNITIES**

**AND**

**SIERRA MINERALS HOLDINGS LIMITED**

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**Preamble**

The Parties to this agreement,

Noting that the purpose of this Agreement is to promote sustainable development and to enhance the general welfare and quality of life of the inhabitants of the bauxite mining communities;

Recognizing that Sierra Minerals Holdings Limited (SMHL) is legally required to assist in the sustainable development of Primary Host Communities affected by its operations;

Recognizing further that SMHL has a responsibility to positively engage with the Bauxite Mining Community and promote sustainability in their operations in line with international best practices of corporate governance

Realizing that harmonious relations between SMHL and the Bauxite Mining Community is indispensable for creating a stable environment in which SMHL can operate and ensure that benefits accrued can flow to the bauxite mining communities affected by mining operations;

Recognizing also that SMHL and the Bauxite Mining Community must positively engage with each other to achieve the purpose of this Agreement;

Committed to full transparency and good governance and eschewing all forms of corruption and violence;

Conscious of the opportunities presented by the mining sector to drive community based development by harnessing mineral wealth to contribute to sustainable development and livelihoods;

Noting that SMHL undertakes its obligations under community development agreements to complement government led development and not to assume government service provision responsibilities

Have agreed as follows:



## **1. Interpretation**

In this Agreement, unless the context otherwise requires

"Community Development Agreement" or (CDA) means a Community Development Agreement entered into pursuant to Section 140 of the Mines and Mineral Act, 2009

"Community Development Committee" (herein after called the General Assembly) means the Committee established to represent the Bauxite Mining Community for the purposes of this Agreement;

"Government" means the Government of Sierra Leone;

"Minister" means the Minister responsible for mineral resources;

"SMHL Mining Lease Agreement" means the "mining lease agreement" entered into between the Government of Sierra Leone and Sierra Minerals Holdings Limited;

"Mineral Right Holder" means a person that has been granted a right to explore for or to mine minerals by holding a valid reconnaissance licence, exploration licence, artisanal mining licence, small scale mining licence or large scale mining licence as the context requires;

"Primary Host Community" means the single community of persons mutually agreed by Sierra Minerals Holdings Limited and the Moyamba, Bo and Bonthe local councils, and endorsed by the Paramount Chiefs of these districts herein attached as annex 1.

"Bauxite Mining Communities" means Chiefdoms, Towns and Villages in Bo, Bonthe and Moyamba Districts that are directly affected by SMHL bauxite mining operations (Primary Host Community).

"Community Development Fund" means the amount equivalent to one percent (1.0%) of the Net Bauxite Sales Revenue paid annually into the Community Development Agreement account for the sole purpose of development within the local communities pursuant to Section 139(4) of the Mines and Minerals Act 2009 and Section 6(I) of the SMHL Bauxite Mineral Prospecting and Mining Agreement 2012.

"Regulations" means the Environment Protection (Mines and Minerals) Regulations 2013

## **2. Objectives of the Agreement**

The objectives of this agreement are to:

- a) promote sustainable development in the Primary Host Community;
- b) set out the rights and obligations of the Parties with regard to this Agreement;
- c) outline how the parties will implement the Agreement and monitor progress made;
- d) promote mutual understanding, trust and communication between the Parties, and improve stakeholder relationships;
- e) ensure that the stipulated percentage of mining revenues are utilized in a way that benefits the Primary Host Community;
- f) develop collaborative approaches to issues of community development;
- g) mitigate negative project impacts;
- h) Establish a forum for the deliberation on issues of mutual interest and conflict resolution.

## **3. Obligations of the Mineral Rights Holder to the Primary Host Community**

SMHL shall:

- i. Expend in every year in which this agreement is in force the amount stipulated for the implementation of this agreement in accordance with section 139 (4) of the Mines and Minerals Act, 2009, and the provisions of the SMHL Mining Lease Agreement;
- ii. Strive to maintain good relations with the Primary Host Community and act in good faith to mitigate potential conflicts and resolve conflicts through discussions and negotiations;
- iii. Conduct its mining operations in accordance with the Laws of Sierra Leone, the Mining Lease Agreement and international best practices.
- iv. Resolve all conflicts in accordance with the mechanisms provided for in this agreement, in accordance with the provisions of the Mines and Minerals Act, 2009;
- v. Work with other state and non-state development partners in the implementation of this Agreement as may be required;
- vi. Involve and consult with the Primary Host Community in the development of mine closure measures;
- vii. Ensure information sharing with communities in collaboration with the Committee;

- viii. Assist in building the capacity of the Primary Host Community to effectively negotiate this agreement where it lacks the capacity to do.

#### **4. Obligations of the Primary Host Community to the Mineral Right Holder**

The Primary Host Community shall:

- i. Engage in constructive dialogue and promote sound relations between the Mineral Right Holder and itself;
- ii. Strive to maintain good relations with the Mineral Right Holder, and act in good faith to mitigate potential conflicts and resolve existing conflicts;
- iii. Acknowledge that the Mineral Right Holder needs to undertake its operations in a stable environment and therefore eschew all forms of violence, destruction and illegal removal of property and assets;
- iv. Provide voluntary community participation in the implementation of this Agreement when required;
- v. Collaborate with the Mineral Right Holder to promote any sustainable livelihood and socio-economic development efforts undertaken under this Agreement;
- vi. Ensure through the community development committee that all members of the community are regularly informed of the process of the implementation of this Agreement;
- vii. Work with other state and non-state development partners in the implementation of this Agreement

#### **5. Conduct of Negotiations**

1. The Mineral Right Holder and Primary Host Community shall negotiate any term of a community development agreement that is not covered by this model.

In the conduct of negotiations the parties shall adhere to the following principles:



- a. Broad based primary host community consultations shall take place prior to the start of negotiations. These consultations shall ensure that all towns or villages constituting the Primary Host Community are visited and informed in languages they understand, of the community development agreement, the processes involved, the objectives of the agreement and its anticipated social, environmental and financial implications.
- b. Communities shall be informed of their right to contribute to the community development agreement process and their duty to participate in the selection of community representatives.
- c. Members of the Primary Host Community shall nominate/select representatives from various sections of the primary host community to sit on the community development committee and by so doing, authorize such persons to represent the primary host community for the purposes of negotiating and executing the Community Development Agreement;
- d. The Mineral Right Holder and the representatives of the Primary Host Community shall amicably engage with each other through the entire negotiation process.
- e. The Ministry of Mines and Mineral Resources and the Local Council shall facilitate the process of negotiation.
- f. The members of the Committee shall inform the primary host community in a general meeting of the contents of the final agreement before its execution.

## **6. Approval of CDA**

Upon signing of this community development agreement by the authorized representatives of the Mineral Right Holder and the Primary Host Community, it shall be submitted for approval to the Minister of Mines.

## **7. Duration of Agreement**

The community development agreement commences upon its approval by the Minister and shall be in force for the duration of the Mining Lease Agreement.

## **8. Review of the Agreement**

1. This Agreement shall be reviewed by the Mineral Right Holder and the Primary Host Community every five calendar years, the first of such review to be undertaken five years after execution of the Agreement by the Parties.



2. The National Minerals Agency shall oversee the review of the agreement.

#### **9. Applicable Law**

This Agreement shall be governed by the Laws of Sierra Leone.

#### **10. Transfer**

In the event that the Mining Lease Agreement held by the Mineral Right Holder subject to this Agreement is transferred to a third party, the transferee shall be deemed to have assumed all rights and obligations of the transferor under this Agreement.

#### **11. Severability**

If any provision of this Agreement is found by an arbitrator or court of competent jurisdiction to be void or unenforceable, it shall be deemed to be deleted from this Agreement and the remaining provisions shall continue to apply. The Parties shall negotiate in good faith in order to agree to the terms of a provision to be substituted for the provision found to be void or unenforceable.

#### **12. Community Development Agreement Annual Report**

The Mineral Right Holder shall submit to the Director General of the National Minerals Agency by 1st March, a community development agreement report, which shall describe objectives, activities, milestones and results for January through December during the prior calendar year.

#### **13. Community Development Agreement Annual Expenditure Report**

The Mineral Right Holder shall submit to the Committee and the Director General of the National Minerals Agency by 1st March an unaudited community development annual expenditure report which shall detail the community development expenditures and total expenditure for January through December during the prior calendar year.

#### **14. Compliance with the Extractive Industry Transparency Initiative**

The Technical Group shall comply with the requirements of the Extractive Industry Transparency Initiative.

### **PART II – COMMUNITY DEVELOPMENT COMMITTEE**

#### **15. Community Development Committee – The General Assembly**

1. There is hereby established a Community Development Committee comprised of the following members:
  - i) Chairmen of Bo, Bonthe and Moyamba District Councils
  - j) Ward Councillors within the mining communities (Primary Host Community)
  - k) Development Planning Officers of the District Councils
  - l) Environment and Social Officers of the District Councils
  - m) District and Senior District Officers of Bo, Bonthe and Moyamba Districts
  - n) Paramount Chiefs of Upper and Lower Banta, Dasse, Kpanda Kemoh and Bumpe Ngao Chiefdoms
  - o) Parliamentarians of Constituencies 76, 80 and 83
  - p) Chairman, Bauxite Landowners Federation
  - q) Landowners Representatives
  - r) Chiefdom religious heads
  - s) Chiefdom Women's Leaders
  - t) Chiefdom Youth Leaders
  - u) CSO Representative
  - v) The Community Affairs Manager, SMHL
  - w) The Chief Finance Officer, SMHL
  - x) Farmers Representatives
2. The Chairman of Bo, Bonthe or Moyamba District Council shall be appointed as Chairman of the SMHL Community Development Agreement and the Chairman of the CDC shall be the Vice Chairman.
3. The Chairperson and vice Chairperson of the Committee shall be appointed by members at the first meeting of the Committee.
4. The position of Chairperson or vice Chairperson shall not be held by a Paramount Chief, a Section Chief, a Ward Councillor or a Member of Parliament.

## **16. Tenure of office of members of the Community Development Committee**

1. Every member of the Committee whose membership is by virtue of occupation of a particular office, be it political, traditional, Mineral Right Holder position or other, shall continue to retain that membership for as long as such person remains in that office.
2. Upon any member ceasing to remain in that office for whatever means or cause his or her replacement shall automatically take over membership.
3. Every member of the Committee, other than the Paramount Chief, the Section Chief and the representatives of the Mineral Right Holder, shall hold office for a period of four years and shall be eligible for re-appointment for a second term not exceeding four years.
4. A member of the Committee may resign in writing addressed to the Chairperson of the Committee and the body on whose behalf he or she sits on the Committee.
5. Any vacancy arising in the membership of the Committee, whether through a temporary absence, resignation, death howsoever occurring, may be filled by the body on whose behalf the vacancy has occurred by the appointment of a new representative for the remaining term of that member.

## **17. Meetings of the Community Development Committee**

1. The Committee shall meet at such times and places as the Chairperson may determine for the dispatch of its business but shall meet at least two times a year.
2. Meetings in which the Chairperson is absent shall be chaired by the Vice Chairperson.
3. The secretary of the meeting shall be the Community Affairs Manager of SMHL or his representative.
4. The quorum at a meeting of the Committee shall be 50% of the total membership and should a quorum not be present; the meeting shall be rescheduled to for a date to be determined by the Chairperson.
5. Except as otherwise provided for, decisions by the Committee at a meeting shall be arrived at by majority of votes cast.
6. In the event there is a tie of votes casts on a particular issue the Chairperson, or in his absence the Vice Chairperson, shall have a casting vote.



#### **18. Disclosure of interest**

1. Any member of the Committee who has any interest, directly or indirectly, in any matter to be considered by the Committee, shall disclose the nature of his or her interest, and such disclosure shall be recorded in the minutes of the Committee, and such member shall not take part in any deliberations or decisions of the Committee related to that matter.
2. Any member who fails to disclose such interest shall be guilty of misconduct and liable to be removed from the Committee.

#### **19. Secretariat of the Community Development Committee**

1. There shall be a Secretariat of the Committee, which shall also serve as secretariat of the Steering Committee.
2. The location of the Secretariat shall be determined by the parties through negotiations.

### **PART III – FUNCTIONS OF THE COMMUNITY DEVELOPMENT COMMITTEE**

#### **20. Functions of the Committee**

- i. To oversee and coordinate all development activities undertaken by the Agreement in the mining communities;
- ii. To carry out on-the-spot studies of factors militating against the socio-economic development of the communities;
- iii. To undertake needs assessment of the mining communities and collate them in order of priority;
- iv. To mobilize resources within and without for the development of the mining communities;
- v. To undertake sensitization of the mining communities on issues relating to the CDA.;
- vi. To identify and encourage mining communities to undertake functional and sustainable livelihood activities;
- vii. To assist in the provision of infrastructural development for the mining communities;
- viii. To protect and promote the interest of mining communities internally and externally;
- ix. To collaborate with other development partners for development initiatives in the mining communities.
- x. To ensure peaceful co-existence between the mineral right holder and the community.

## **21. The Steering Committee of the CDA**

The SMHL Community Development Agreement shall have a Steering Committee which shall be the governing body of the Agreement and shall consist of the following members:

- i. Chairmen of Bo, Bonthe and Moyamba District Councils
- ii. Three Paramount Chiefs, one each from Bo, Bonthe and Moyamba Districts
- iii. Three Chiefdom Youth Leaders, one each from Bo, Bonthe and Moyamba Districts
- iv. Three Chiefdom Women's Leader, one each from Bo, Bonthe and Moyamba Districts
- v. Chairman, Bauxite Landowners Federation
- vi. One Head of Civil Society Organizations
- vii. The Community Affairs Manager, SMHL
- viii. The Chief Finance Officer, SMHL
- ix. The chairman of the CDC
- x. The Secretary of the CDC

## **22. Functions of the Steering Committee**

The Steering Committee shall:

- i. Draw bye-laws governing the SMHL Community Development Agreement
  - ii. Provide oversight of the Agreement's activities including its operations, control, monitoring and evaluation
  - iii. Manage resources owned by the Agreement (facilities, equipment, machinery and funds)
  - iv. Receive, appraise, select, monitor and evaluate all project proposals from the mining communities
  - v. Make the final decision for the award of contracts for services to be delivered under this Agreement
  - vi. Provide guidance for those directly involved in the projects on project planning, implementation and management
  - vii. Address any issue that has major implications for the project
  - viii. Organize meetings for SMHL and the communities to discuss pertinent issues relating to their welfare
  - ix. In concert with SMHL, solicit funding both internally and externally for the operation of the Agreement
1. The Chairman, Vice Chairman and Secretary of the General Assembly shall be the Chairman, Vice Chairman and Secretary of the Steering Committee respectively.
  2. Duration of membership of the Steering Committee shall be the same as that of the General Assembly.

### **23. Meetings of the Steering Committee**

- i. The Steering Committee shall meet once every quarter, in the last week of the quarter.
- ii. The Chairman of the SMHLCDA shall cause proper notification to all members concerned of all Steering Committee or General Assembly meetings. Such notification shall be made, at least, ten days ahead of the scheduled meeting, giving time and place of the meeting. In the event the Chairman fails to call a meeting at a particular time, the Vice Chairman with the support of two-thirds (2/3) of the membership can call a meeting.
- iii. The quorum necessary for the transaction of the business of the Steering Committee or General Assembly shall be 2/3 (two-thirds) of the entire membership in each case.

### **24. Composition of the Technical Group**

The Technical Group shall comprise:

- i. The Chairman of the Development Committee and shall be the Chairman of the Technical Group.
- ii. Development Planning Officer nominated from Bo, Bonthe or Moyamba District Councils
- iii. Environmental and Social Officer nominated from Bo, Bonthe or Moyamba District Councils
- iv. Works Engineers from Bo, Bonthe and Moyamba District Councils
- v. Co-opted Member
- vi. Infrastructural Engineer, SMHL
- vii. Community Affairs Manager, SMHL
- viii. Women's Leader nominated from any of the five mining Chiefdoms

### **25. Remuneration for Members of the Steering Committee and Technical Group**

All members of the Steering Committee and Technical Group other than SMHL staff shall be entitled to remuneration as follows:

For every sitting of the Steering Committee, each member shall be entitled to sitting allowance, as shall be approved by the CDC. .



## **26. Funds for Community Development Projects:**

The funds for the implementation of this agreement shall be derived from the following sources:

- a) Funds provided as part of the Mineral Holder's community development obligations under section 139 (4) of the Act;
- b) Funds provided in pursuance of the mining lease agreement signed between the mineral right holder and the Government of Sierra Leone

## **27. Management of Funds**

Of the total amount required to be paid by the Mineral Right Holder 10% shall be expended solely on administrative costs for the implementation of the agreement while the remaining 90% shall be utilized exclusively for the implementation of community development projects and ancillary matters.

## **28. Community Development Agreement Account**

1. A current account shall be opened in the name of the Community Development Agreement Fund at any commercial bank, preferably located within the primary host community.
2. If there is no bank located within the primary host community, an account shall be opened at the nearest bank to the community agreed upon by the Parties to this agreement.

## **29. Withdrawal of funds**

1. The Chairman of the Steering Committee shall approve all payments before cheques are signed and issued.
2. The withdrawal of funds and the making of payments shall require the signatures as set out in schedule 5 of this document.
3. The Steering Committee shall advise the signatories when payments are to be made and provide the necessary documentation in support of that advice.

## **30. Accounting for funds**

1. The Treasurer shall present audited financial statements, signed by all members of the Steering Committee, to the General assembly and the Director of the National Mineral Agency within 30 days of the end of every financial year;

2. The Treasurer shall publish within the Primary Host Community all audited and signed financial statements within the framework of this Agreement;
3. All construction projects and equipment purchased through this Agreement must be clearly marked as items paid for by Community Development Agreement Funds.
4. The chairperson of the Steering Committee shall submit to the Local Councils of the Primary Host Community a copy of the audited and signed financial statements.

### **31. Audit:**

1. The Chairman of the Steering Committee shall cause the financial statements of the Community Development Agreement to be audited by a reputable audit firm agreed upon by the Parties at the end of every financial year.
2. The audit firm shall present their report to the Committee at their first meeting in the following year, and submit a copy of the report to the National Mineral Agency and the Mineral Right Holder.

### **32. Reporting**

#### **Annual Reports**

- a) The Secretariat of the Steering Committee shall prepare an annual report at the last Community Development Committee meeting for the financial year under review. Such report shall be disseminated and shall be read in the General Assembly meeting in the language understood by all members.

1. The Annual Report shall include but not be limited to:
  - i. Itemized budget and related expenditure;
  - ii. Progress made under existing or completed projects;
  - iii. Meeting dates, times, location and minutes of meetings;
  - iv. Lists of Committee and Technical Group Members

#### **Quarterly Reports**

The Secretariat of the Steering Committee shall present quarterly written and oral reports to the Committee ensuring that oral reports are presented in languages understood by all members.

### **33. Criminal prosecution**

Criminal prosecution shall be instituted for financial mismanagement by officers and contractors.

## **PART IV – COMMUNITY DEVELOPMENT PROJECTS**

### **34. Community Development Projects**

1. For the purpose of identifying potential community development projects to be implemented under this agreement, the Local District Plan and the Community Development Action Plan shall function as principal reference documents to guide the Committee.
2. Notwithstanding section (1), the Committee can decide to implement a community development project that reflects the existing needs of the community but which has not been included in the Local District Plan or Community Development Action Plan.
3. Community development projects implemented under this Agreement should as far as possible complement the goals of the National Development Plan or Agendas.

### **35. Validation of Community Development Projects**

1. The Committee shall approve all development projects for implementation. Such approval shall be by way of consensus, failing which by majority vote.
2. Upon identification of potential community development projects by the Committee, the Technical Group shall produce a shortlist of projects it considers feasible for implementation, bearing in mind the immediate identified needs of the community and the availability of funds to complete the projects.
3. The shortlisted projects shall be presented to the Committee for their final approval.
4. The Chairman of the Committee shall convene an annual meeting of the Primary Host Community to inform them of all proposed development projects and those chosen to be implemented in a given year.



### **36. Types of projects to be funded by Community Development Agreement Funds**

1. The funds provided by the Mineral Right Holder in accordance with its obligations under this Agreement may be used for:
  - i. educational scholarships, apprenticeships, technical training and creation of employment opportunities for the people of the PHC;
  - ii. financial or other forms of contributory support for infrastructural development and maintenance such as education, health or other community services such as roads, water and power;
  - iii. agricultural projects and product marketing;
  - iv. assistance with the creation, development and support to small scale and micro enterprises;
  - v. special programs which benefit women;
  - vi. special programs which benefit youths;
  - vii. special programs which benefit marginalized groups
  - viii. protection of natural resources by enhancing environmental management, treatment of ecological systems including restoration and enhancement, and using any other appropriate means;
  - ix. support for cultural heritage and sports;
  - x. anyother matters as may be agreed.

### **37. Restrictions on the use of Community Development Agreement Funds**

1. Funds provided by the mineral right holder in accordance with its obligations under this Agreement shall **not** be used for:
  - i. The provision of any passenger car, truck or four-by-four vehicle to any individual of the primary host community or to the primary host community other than a specialized purpose vehicle such as an ambulance, fire engine or bus;

- ii. The provision of monetary amounts, services, goods or facilities for the sole benefit of an individual or single family unit within the primary host community.

### **38. Procurement of Goods and Services**

The procurement of all goods and services under this Agreement shall be consistent with the requirements of the National Public Procurement Act, 2004 and the Public Procurement Regulations, 2006.

### **39. Award of contracts**

The bidding for and award of contracts shall be consistent with the requirements of the National Public Procurement Act, 2004 and the Public Procurement Regulations, 2006.

### **40. Conflict Resolution**

1. There is hereby established a Conflict Resolution Committee.
2. The Conflict Resolution Committee shall mediate disputes regarding this agreement, which have arisen between the mineral right holder and the primary host community, or within the primary host community and which have remained unresolved for a period of sixty (60) days from the date when either Party notified the other Party of the dispute.
3. If the Conflict Resolution Committee is unable to resolve a conflict, it shall be referred to the Minister for a decision. The decision of the Minister shall be final and binding on the Parties.

### **41. Monitoring and Evaluation**

1. The Steering Committee shall develop a work plan and a log frame for projects to be implemented under this agreement, which shall contain indicators agreed upon by the Parties to serve as the basis for the monitoring and evaluation of progress made in the implementation of such projects.
2. The Community Development Agreement Annual Expenditure Report shall be subject to verification and evaluation by the National Mineral Agency.
3. The National Mineral Agency and the Local Council shall monitor and evaluate the implementation of the Community Development Agreement.

In witness whereof the parties have agreed upon the above:

Signed for and on behalf of the Primary Host Community:



1. P. C. John Jibao Russell Nyama II

2. Prof. Herbert Bob Kandeh  
Chairman, Moyamba District Council

3. James O. Miller  
Chairman, Community Development Committee

Signed for and on behalf of Sierra Minerals Holdings Limited:

4. Basudeb Datta  
General Manager

5. Abdul Bangura  
Chief Finance Officer

**Approved by:**

Hon. Alhaji Minkailu Mansaray  
**Minister of Mines and Mineral Resources**



## **SCHEDULES**

### **Schedule1: Definition of Sustainable Development**

All goals, objectives, obligations and activities specified under this Agreement shall aim to promote sustainable community development which-

1. lasts from generation to generation;
2. is based on the actual needs of the primary host community;
3. is maintainable within available income of the primary host community;
4. is well planned, monitored and evaluated;
5. has long term benefits;
6. prepares the primary host community for closure of the mine;
7. compliments but does not replace government-led development and services;
8. is in accord and compliments such local and regional government development plans as may be in existence and made known to the Parties;
9. Recognizes and incorporates primary host community knowledge and experience.

### **Schedule 2: Procedure for electing representatives to the Committee**

1. The groups required to send representatives to the Committee shall elect their representatives themselves and bear the costs of doing so.
2. Members of the groups electing representatives shall first nominate their prospective candidate(s).
3. Candidate(s) shall be elected through a free and fair election process.
4. At the end of the election process, the candidate(s) receiving the highest number of votes shall be declared elected representative of the group.
5. The head of the group shall inform the Chairman of the Committee of the name of the elected representative in writing.
6. Elected representatives shall serve for a term of four years and they are eligible to serve for a second term of four years if they are re-elected.

7. Elections for representatives shall be conducted every four years and representatives shall not serve for more than two terms.

**Schedule 3: Procedure for admission of new members into the Committee**

1. On application from groups within the primary host community for membership of the Committee, the Committee shall make a decision to accept or reject the application guided by the following criteria:
  - i. The group represents a category of people within the host community with legitimate interests and who are not already represented in the committee;
  - ii. The group represents historically marginalized persons whose admission will foster better community relations and help enhance the welfare of vulnerable community members
2. Groups seeking representation in the Committee must write a letter to the Chairman who shall raise the issue at a meeting of the Committee for its decision. The decision to accept or reject the application shall be arrived at by consensus.

**Schedule 4: Procedure for electing Members of the Technical Group**

1. Members of the Technical Group who are to be appointed from the members of the Committee shall be elected solely based on their qualifications, experience and proven track record of honesty.
2. Members with qualifications or experience in the following areas shall be given preference as being eligible for nominations:
  - a) project management,
  - b) financial management,
  - c) accounting,
  - d) public administration
  - e) education
  - f) report writing
3. Nominations for specific positions within the Technical Group shall be made by individual Committee members.

4. Nominees shall provide CVs and proof of their qualifications and/or experience.
5. Nominees shall be elected through a free and fair election process by the Committee.
6. Nominees receiving the highest number of votes for the positions nominated for shall be elected to the technical group.

**Schedule 5: Bank Authorization**

1. There shall be three (3) signatories to the account representing the SMHL Administration, one Paramount Chief, and the CDC Chairman.
2. The signatories to the account must be members of the Steering Committee.
3. All cash withdrawals from the Agreement account shall be made by only the Chairman signatory and any of either signatories of the Company or the Paramount Chief member.

**Schedule 6: Accounting procedures for the Community Development Agreement:**

**Bank Account Management**

1. A separate cash book shall be maintained for the community development agreement bank account. At the end of every month a bank reconciliation statement shall be prepared for the account.
2. Under no circumstances shall a cheque be signed before full details of the payee and sum payable have been entered.
3. Community Development Agreement Bank Accounts shall never be overdrawn.
4. In the event of the death or resignation of a signatory, the Bank shall be instructed in writing to remove the candidate from the signatories list with immediate effect.
5. Month end procedures shall involve the following tasks:
  - i. Collection of monthly bank statements and updating of accounting records with all charges made by the bank;
  - ii. Reconciliation of bank statement with the monthly cash book;
  - iii. Review of the cash book to ensure reference codes for both payment vouchers and petty cash vouchers are recorded and the required sequence has been followed.



### **Cash Books**

1. The cash book shall record all monies received and paid by cash, cheque or bank transfer.
2. The cash book shall be properly reconciled with the bank statement to show the availability of funds and check inflows and outflows for payments to suppliers and covering expenses.
3. Inflows to the account shall be in the form of cheques or cash deposits from general cash or transfers made directly into the bank accounts.
4. Information shall also be obtained from bank advice and the bank statements (e.g. bank charges).
5. The community development fund account shall always have a debit balance.

### **Bank statements and reconciliation**

1. A bank statement of the community development agreement account shall be obtained at the end of every month.
2. Every month cash book balances shall be reconciled to the balance on the bank statement.
3. The reconciliation shall take account of cheques drawn, but not yet presented at the bank, and of deposits made which have not yet been recorded on the bank statement.
4. The reconciliation procedures shall include investigations of all discrepancies.
5. Documentation shall be obtained from the bank to back up any other bank charges or bank items.
6. Errors on bank statement shall be noted and the bank informed in writing of errors.
7. The reconciliation when prepared shall be signed by the Treasurer of Technical Group and approved by the Chairman of the Committee.

### **Cancelled cheques**

1. In the event that a cheque is cancelled, the word "cancelled" shall be written across the cheque and the stub in ink. The payment voucher shall be marked and a note made in the cashbook.

2. The cancelled cheque shall be filed together with the payment voucher in the file of supporting documents.
3. The original payment request and other papers shall serve as the backing documents in the preparation of a replacement check payment voucher and cheque.
4. Details of the replacement cheque shall be cross-referenced to the previously cancelled cheque.

### **The Petty Cash System**

1. A petty cash fund shall be established and maintained by the Technical Group to facilitate payment for transportation and procurement of items for the office, for which receipts are not envisaged and to make any other minor disbursements in relation to the administration of the Secretariat.
2. The petty cash fund shall be used for minor office and travel related expenses.
3. A petty cash book shall be prepared where all expenditures are entered and balanced as and when the need arises.

### **The Petty Cash float**

1. This fund shall constitute a float of up to Le: 2,000,000 (two Million leones) only.
2. A designed petty cash voucher shall be prepared for all outflows.
3. The cash in hand plus completed petty cash vouchers shall equal that fixed amount at all times.
4. The petty cash shall be replenished when it is about Le: 500,000. Replenishment shall be by means of a cheque made payable to the Treasurer of the Technical Group.

Petty Cash Vouchers should be referenced in the following format:
<div style="border: 1px solid black; margin: 5px 0; height: 20px;"></div> <p>PC01/11/13 – that is PC/Payment NO/Month/Year</p> <p>Payment To:.....</p> <p>Reason:.....</p> <p>Amount.....</p>

Verified by:.....	Approved By:.....

### Authority and Procedure

1. The maximum amount payable from petty cash shall be Le: 100,000.00
2. Any requests in excess of Le: 100,000 shall be paid by cheque.
3. The Chairman of the Committee and Treasurer of the Steering Committee (Currently the CFO of SMHL) shall approve and verify petty cash disbursements up to and including Le: 100,000.00.

### Payments

1. All payments above Le 500,000 shall be made by cheque payment.
2. A designed payment voucher is a requirement as a control mechanism for payments made.
  - (i) All payment vouchers shall be supported by a request letter for the purchase of goods or service.
  - (ii) The request letter shall be approved by the Chairman before the seeking of pro forma invoice or quotations.
  - (iii) Quotations shall be obtained from at least three different suppliers. Other supporting documents are pro forma Invoice, Local Purchase order, Invoice/receipts and delivery note. For projects there shall be a signed Agreement
3. Each Payment Voucher shall have a unique number, indicating the area, location and date etc.

- KMC – indicate the reference Kambia, Magbema Chiefdom
- 001 – indicates a running voucher number ( for the month) the first voucher
- 11 – month of November

Another example: KMC/001/11


 District & Chiefdom    Voucher no.    Month

4. The source documents shall be sent to the Treasurer (CFO) for verification.



5. The verification procedure shall include checking of arithmetical accuracy, account code details, budgets, supporting documentation and authorization.
6. The cheque shall be prepared by the treasurer/CFO and sent to the signatories together with the supporting documentation for verification and signing of the vouchers, cheque leaf and stub.
7. The cheque signatories shall assume responsibility to verify the accuracy and validity of the payment.
8. The following shall be verified:
  - accuracy of procurement procedures;
  - accuracy and adequacy of supporting documentation;
  - Amount of payment (in words and figures);
  - Authorisation limits
9. The voucher and all transaction documentation shall then be returned to Treasurer/CFO to effect payment.
10. The Treasurer/CFO shall be responsible for ensuring that a receipt is obtained for the payment and that the payee signs on the voucher or delivery book in acknowledgement of payment.
11. The details of every payment effected shall be posted onto the cashbook. The details shall be the date, voucher number, precise description of transaction, payee, amount and cheque number.
12. Invoices and all other supporting documents relating to that payment shall be stamped "PAID" when the cheque is paid, with the corresponding cheque number.

## **Procurement of Goods and Services**

1. The procurement of goods and services shall be in accordance with the requirements of the National Public Procurement Act, 2004 and the Public Procurement Regulations, 2006.
2. Audit expenses shall be funded from the annual Community Development Agreement budget.

#### **Schedule 6: Procedure for Conflict Resolution Mechanism**

1. Based on the nature scope, and impact of the conflict, a conflict resolution committee shall be convened comprising of at least 5 or more of the representatives listed below:
  - a) A representative chosen by the Mineral Right Holder;
  - b) A representative chosen by the Primary Host Community;
  - c) A senior district officer of the area in which the Primary Host Community is located;
  - d) A representative from the Inter-Religious Council;
  - e) A Representative of the Ministry of Mines and Mineral Resources;
  - f) A Representative of the Environment Protection Agency;
  - g) A Representative of the Sierra Leone Human Rights Commission;
  - h) A representative of the Sierra Leone Police;
  - i) A representative of the Traditional Ruler of the area in which the primary host community is located;
  - j) A Representative from Civil Society; and,
  - k) Any other representatives deemed to be necessary.
2. Notwithstanding section (1) it shall be the responsibility of the Ministry of Mines and Mineral Resources and the Ministry of Local Government to decide on the terms of reference and precise composition of the conflict resolution committee.
3. The chairperson of the conflict resolution committee shall be the representative of the Ministry of Mines and Mineral Resources.

#### **Schedule 7: Procedure for Review of Agreement**

1. The Ministry of Mines and Mineral Resources and the Local Council shall facilitate the process of review.

The review process shall start six months before the expiration of a current five year period.

