

Extractive Industries Transparency Initiative (EITI)

Validation of Solomon Islands

Report on initial data collection and stakeholder consultation by the EITI International Secretariat

29 October 2016

Abbreviations

CBSI	Central Bank of Solomon Islands
DSE	Development Services Exchange
GCIL	Gold Ridge Community Investment Limited
GRML	Gold Ridge Mine Limited
IRD	Internal Revenue Department
MMERE	Ministry of Mines, Energy and Rural Electrification
MoFT	Ministry of Finance and Treasury
MoU	Memorandum of Understanding
MSG	Multi-stakeholder group
OAG	Office of the Auditor General
OPMC	Office of the Prime Minister and Cabinet
SIEINSG	Solomon Islands Extractive Industries National Stakeholder Group
SIEITI	Solomon Islands Extractive Industries Transparency Initiative
SIG	Solomon Islands Government
SMM	Sumitomo Metals Mining
TOR	Terms of Reference
VBMS	Vois Blong Mere Solomon

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Executive Summary

The Solomon Islands Government announced its commitment to implement the EITI in July 2011. On 16 August 2011, during the first mining forum held in Solomon Islands, the then Minister for Finance and Treasury, the Honourable Gordon Darcy Lilo, formally issued a public statement of the government's intention to implement EITI. A multi-stakeholder group, the Solomon Islands Extractive Industries National Stakeholder Group (SIEINSG) was formed in January 2012, and the country was accepted as an EITI Candidate in July 2012. Since then, the Solomon Islands has produced three EITI reports, but has not previously undergone Validation.

In November 2015, Solomon Islands undertook a pilot Validation of compliance against the EITI Standard. On 1 June 2016, the EITI Board agreed that the Validation of the Solomon Islands should commence on 1 July 2016, with the International Secretariat carrying out initial data collection and stakeholder consultation. This report presents the International Secretariat's findings and initial assessment. The International Secretariat has applied the standard terms of reference for data gathering and stakeholder consultations. While the assessment has not yet been reviewed by the MSG or been quality assured, the Secretariat's preliminary assessment is that requirements 1.1, 1.2, 1.3, 1.4, 1.5, 2.1, 2.2, 2.3, 2.4, 3.2, 3.3, 3.8, 4.1, 4.6, 4.7, 4.9, 5.2, 6.3, 7.3 and 7.4 are unmet. The major areas of concern relate to stakeholder engagement, MSG governance and work-planning; EITI reporting, in particular comprehensiveness and reliability as well as information on licensing, subnational payments and social expenditures; and outcomes and impact. Recommendations for improving implementation are suggested in the assessment tables for each requirement.

Overall conclusions

Implementation in the Solomon Islands got off to a slow start. Due to lack of funding and personnel devoted to work on the EITI, it was only in early 2014 that implementation really began. Since then there have been more or less consistent efforts by a couple of key people within SIEITI to drive implementation forward, although there was a slowdown in activity at the end of 2014 as key staff in the newly established national secretariat left the office, and again in the first half of 2016 as funding dried up. The national elections in 2014 led to a government reshuffle, affecting SIEITI membership as well as high level political support. The slow start combined with these other factors has meant that SIEITI has rushed to try to complete the requirements of the EITI within a very short timeframe. While this has led to several outputs, including three EITI reports, there has been limited time to focus on the quality of implementation and ensure that stakeholders have acquired the necessary capacity to deal with EITI issues.

The Solomon Islands Extractive Industry National Stakeholder Group (SIEINSG) is a fairly new MSG group, with only three years of "operational experience". Although it does not yet seem to fully drive all aspects of implementation, the SIEINSG appears to have become more structured in recent times and is slowly gaining an understating of its role and mandate. SIEINSG members have been extensively involved in the administrative aspects of implementation such as staffing and budgeting. However, technical and substantive input has not been strong which raises questions about the capacity of SIEINSG members to effectively oversee the more technical aspects of EITI implementation such as EITI reporting and ensuring that the EITI is linked to other priorities for the extractive sector. While these capacity constraints seem to apply to all SIEINSG members, it is particularly critical for civil society to be able to play its role in holding government and industry to account. A small but efficient national secretariat ensures that despite these capacity issues, implementation is more or less kept on track. However, the strong political backing from the initial implementation phase seems to have faded given a shift in government and other competing

priorities. This combined with inconsistent industry engagement means that although the SIEINSG is working, it is currently a rather fragile body that does not seem to carry much weight in terms of ability to influence extractive sector management and there are still a number of legal and other barriers that appear to be preventing it from effectively carrying out its work.

With a small mining sector, EITI reporting in the Solomon Islands should have been relatively straightforward. Although the number of active companies is small and mainly covers exploration activity, it has nevertheless proven difficult to obtain a full overview of which companies are operating where and the payments that these companies make. This seems partially due to challenges with capacity and record keeping in some government agencies, but it is also clear that some agencies and companies have not been willing to provide the requested data. There were allegations that due to the reluctance of some agencies to provide data, facilitation payments had to be resorted to in order to obtain the necessary information-inviting officers for lunch. Senior government officials have not intervened to address these bottlenecks. Some of the information, for example on licensing has not been forthcoming due to confidentiality issues. In addition, some gaps are probably also due to a lack of awareness of the disclosures that the EITI Standard requires. This is reflected in the quality of the 2014 EITI Report which, although being candid about local challenges, is of lower quality than previous reports. These challenges have prevented the Solomon Islands from producing an EITI Report that fully complies with the EITI requirements, and further work is needed to ensure that barriers to disclosure are addressed.

Despite these shortcomings, the EITI reports still provide useful overview and assessment of the sector, highlighting some issues in the management of the mining sector that could be improved. This includes deficiencies in the legal and regulatory framework and licensing procedures, the ability to monitor and control production and exports, erratic revenue transfers to landowners, and procedural issues related to agreements between landowners and companies. SIEITI's dissemination efforts to date have been primarily on creating awareness about the EITI process and gathering stakeholder views rather than acting on these findings to strengthen governance of the mining sector. To highlight the findings of the EITI Report, the SIEINSG conducted a National Conference on 26 October 2015. Information materials have also been produced by the National Secretariat summarizing the findings of the EITI reports. Although there appears to have been little debate and discussion in the Solomon Islands on the findings from the EITI Reports, there is clearly potential for SIEITI to use these findings to formulate recommendations to the government for necessary reforms in the extractive sector. Depending on the follow up and implementation of such recommendations, SIEITI could potentially have some future impact in terms of policy reform. The SIEINSG has submitted their inputs on the National Mineral Policy to the Ministry of Mines, Energy and Rural Electrification (MMERE). They have also been consulting with MMERE regarding the inclusion of EITI Requirements in the revised Mines and Minerals Act¹.

Recommendations

The International Secretariat makes the following overall recommendation for improving implementation in the Solomon Islands. Detailed recommendations per requirements are provided in the assessment tables throughout the report.

1. The government should reaffirm its commitment to the EITI and put in place necessary measures to ensure that all barriers to implementation are removed, including ensuring that the companies comply


¹ Minutes of MSG meeting, November 25, 2015


with the EITI Reporting requirements.


2. SIEITI should undertake a needs assessment and implement a capacity building plan for SIEINSG members.
3. SIEITI should agree objectives for implementation that are linked to national priorities and ensure that these are reflected in the SIEITI work plan. This would help set the strategic direction for SIEITI for the coming years.
4. The government should establish a disclosure mechanism for license allocations, showing the technical and financial criteria used to evaluate each application and any deviations from the applicable legal and regulatory framework governing license awards. A post-award audit could be considered. The license register should also be made public, including coordinates and dates of the license applications.
5. SIEITI should discuss and consider beneficial ownership disclosure for the companies operating in the mining sector incrementally before 2020 and develop a roadmap by the end of 2016.
6. SIEITI should undertake work to establish the materiality of direct payments to provincial governments. Where material, SIEITI should ensure that these payments are disclosed in the next EITI Report and build on its early work to engage provincial governments in EITI implementation.
7. SIEITI should review the assessment of prevailing auditing and assurance practices among companies and government entities and, together with the Independent Administrator, agree on assurances that both enable a credible reporting process and do not create an unreasonable burden for the companies and government entities participating in the reporting process.
8. SIEITI should establish a reporting process for disclosing social expenditures mandated by the government or by contracts to be paid by companies to local communities, including the nature and deemed value of such expenditures and the beneficiaries.
9. SIEINSG is encouraged to provide EITI data in open data formats.
10. SIEITI should consider the recommendations from the Independent Administrators, including the shortcomings in government systems identified in the 2012 and 2013 EITI Reports, and ensure that actions are taken to consider and potentially implement measures to address these shortcomings.
11. SIEITI should include in future reports a more detailed discussion on transfers of royalties from companies to landowners through the MMERE and MoFT. SIEITI could consider highlighting the gaps in the process and disclosing actual payments to landowners including assessing whether the correct amounts have been paid based on the agreed formula.


Table 1: Assessment card


	ETI REQUIREMENTS	LEVEL OF PROGRESS				
		No	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)		Inadequate			
	Industry engagement (#1.2)		Inadequate			
	Civil society engagement (#1.3)			Meaningful		
	MSG governance (#1.4)			Meaningful		
	Workplan (#1.5)		Inadequate			
Licenses and contracts	Legal framework (#2.1)		Inadequate			
	License allocations (#2.2)	No				
	License register (#2.3)		Inadequate			
	Policy on contract disclosure (#2.4)	No				
	Beneficial ownership (#2.5)				Satisfactory	
State participation (#2.6)						
Monitoring production	Exploration data (#3.1)				Satisfactory	
	Production data (#3.2)			Meaningful		
	Export data (#3.3)		Inadequate			
Revenue collection	Comprehensiveness (#4.1)		Inadequate			
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)			Meaningful		
	Disaggregation (#4.7)		Inadequate			
	Data timeliness (#4.8)				Satisfactory	
	Data quality (#4.9)		Inadequate			
Revenue allocation	Revenue management and expenditures (#5.1)				Satisfactory	
	Subnational transfers (#5.2)		Inadequate			
	Distribution of revenues (#5.3)					
Socio-economic contribution	Mandatory social expenditures (#6.1.a)		Inadequate			
	Discretionary social expenditures (#6.1.b)		Inadequate			
	SOE quasi-fiscal expenditures (#6.2)					
	Economic contribution (#6.3)			Meaningful		
Outcomes and impact	Public debate (#7.1)				Satisfactory	
	Data accessibility (#7.2)					
	Follow up on recommendations (#7.3)			Meaningful		
	Outcomes and impact of implementation (#7.4)		Inadequate			

 The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.


 The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.

 The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.

 The country is compliant with the ETI requirement.

 The country has gone beyond the requirement.

 This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.

 The MSG has demonstrated that this requirement is not applicable in the country.

- No change in performance since the last Validation.

← The country is performing worse than in the last Validation.

→ The country is performing better than in the last Validation.

Introduction

Overview and background of EITI implementation

The Solomon Islands Government (SIG) agreed to implement the EITI in July 2011 through a Cabinet decision (Extract Conclusion C 18 (2011) 6 dated 6 July 2011). On 16 August 2011, during the first mining forum held in Solomon Islands, the then Minister for Finance and Treasury, the Honourable Gordon Darcy Lilo, formally issued a public statement of the government's intention to implement EITI. (Address by Hon. Prime Minister Gordon Darcy Lilo delivered at the EITI Conference, Sydney, 24 May 2013) A multi-stakeholder group, the Solomon Islands Extractive Industries National Stakeholder Group (SIEINSG) was formed in January 2012, and the country was accepted as an EITI Candidate in July 2012. The former Minister of Finance and Treasury, the Honourable Rick Houenipwela, declared himself Champion of the Solomon Islands Extractive Industries Transparency Initiative (SIEITI) in January 2012. The current EITI Champion is the Honourable Snyder Rini, the Minister of Finance and Treasury.

Objectives for Implementation and Progress in Implementing the Work plan

The SIEINSG Memorandum of Understanding (MoU) establishes the scope of EITI implementation, notably to promote revenue transparency and accountability in the extractive sector in Solomon Islands through implementing SIEITI in line with global EITI Standards; and to provide a forum for dialogue, debate and consensus on issues relating to the extractive sector.

The 2016 work plan lists the following objectives:

1. Remove barriers to EITI implementation to ensure all reporting entities comply with EITI requirements; strengthen the national secretariat and MSG
2. Solomon Islands meet the EITI Standard to deliver sustainable, transparent and accountable natural resource management
3. Increase awareness of stakeholders and the public by disseminating reports and holding community outreach campaign
4. Build stakeholder capacity to implement, monitor and participate in EITI—including SIEITI governance capacity. Enhance government capacity to implement and civil society (including women) capacity to participate.

Implementation of the current work plan covering January - December 2016 is mainly stalled due to lack of funding. The only funding available at this time is for the salaries of the national secretariat staff and expenses related to MSG meetings, although the government recently allocated further funds to the production of the 2015 EITI Report. Two MSG meetings have been conducted in 2016, on 31 March and 1 July. Only three activities from the current 2016 work plan have been completed, five are ongoing, and twelve activities have not been conducted due to lack of funding. The three activities are the submission of inputs to MMERE on the National Mineral Policy, the execution of contracts of the national secretariat staff, and engagement of an external auditor to audit the previous grant from the WB Multi-Donor Trust Fund. The pending activities relate to capacity building activities, some actions on recommendations and report dissemination. Activities that are currently ongoing relate to preparations for the next EITI Report and appointment of industry members.

In terms of previous work plans, the SIEINSG had a July 2015-May 2016 work plan which was revised in January 2016. The January-June 2014 work plan, and the July 2014- July 2015 work plan seem to have been broadly implemented. Prior to 2014 there was little activity and most of the work plan for 2012-2013 that was included with the candidature application in June 2012 was not completed due to lack of funding and thus carried over to 2014.

History of EITI Reporting

The first SIEITI report covering 2012 and 2013 was published in June 2014. A Supplementary 2013 EITI Report was published in July 2015, seeking to address some of the shortcomings in the 2012 and 2013 EITI Reports. A 2014 EITI Report was produced in October 2015, with some minor updates in November 2015. The SIEINSG has commenced preparations for the 2015 EITI Report. While the 2012 and 2013 EITI Reports were produced by an Independent Administrator with longstanding experience with EITI reporting but limited knowledge of the Solomon Islands, the 2014 EITI Report was produced by a local consultant. It is notable that although the 2012 and 2013 EITI Reports included more of the information required by the EITI Standard, the 2014 EITI Report provides more commentary and assessments of local systems for managing the extractive sector. The 2014 EITI Report thus comes across as more grounded in local realities and provides potentially more relevant observations and recommendations, but lacks considerable information required to be disclosed under the EITI Standard.

Summary of engagement by government, civil society and industry

The SIEINSG operates under the MoU that was initially approved in 2012, and which has subsequently been updated (the latest version is dated March 2015). Recent revisions to the MOU refer to the provision of allowances for MSG members. Meetings of the SIEINSG have been somewhat erratic since obtaining EITI Candidate status in mid-2012. SIEITI was largely inactive in 2013 due to lack of funding and only one meeting was held. Implementation then picked up speed in early 2014 as funding was made available, more staff were recruited to work in the SIEITI National Secretariat Office, and the deadline for the first SIEITI report (June 2014) was approaching. Although implementation slowed down again towards the end of 2014, there has been more consistent and regular activity in 2015. At the beginning of 2016, however, implementation again slowed down due to lack of funding. Although funds are available from the World Bank EGPS, the government recently decided that it will not proceed with the grant request and instead fund implementation from its own budget. This funding, however, only extends to secretariat and MSG meeting expenses, as well as publication of the next EITI Report covering 2015 and some outreach activities. Only two meetings have been conducted in 2016, both of which focused mainly on administrative matters. The government has also not issued any recent statements of commitment to the EITI process. The Minister declined a request to meet with the team preparing this assessment.

The SIEINSG has also struggled with inconsistent membership². Although government representation remained stable until the elections in December 2014, industry representation appears to have constantly changed since the inauguration of the SIEINSG. With regards to civil society, individuals have tended to

² A list of current SIEINSG members are included in Annex B.

reshuffle although a couple of members and most of the organisations have been involved since the beginning. Stakeholder commitment has also been unstable. Government engagement in the process appears to have dropped since the elections in December 2014 and there are considerable concerns regarding industry's commitment to the process.

Key features of the extractive industry

The Solomon Islands is heavily dependent on income from primary resource exports. The development of the mining sector needs to be understood with reference to the experience in the forestry sector. Since 1963, with the inception of large scale commercial forestry development, logging revenues have been the main revenue earner for the economy, contributing, for example, 17.5% of GDP in 2008. However, due to resource management practices, it was estimated in 2015 that logging revenues would decline. In response to this expected decline the government has committed to develop the Solomon Islands' abundant mineral and energy resources as a means to sustain the economy and pursue its national development strategy.

Primary resource exploitation has been central to the country's development aspirations and its associated challenges. Resource related grievance is cited as the main explanations for the destabilizing civil war ("the tensions") that divided the country between 1998 and 2003. The Gold Ridge Mine Limited (GRML), the only producing operation in the country then and until 2014, has been cited as both a cause and a target of the conflict that took place at the mine site and in Guadalcanal during the uprising. With this background, how the mining sector develops and is managed is not only sensitive, but critical to sustainable development outcomes in the country.

While there is potential for the industry, the closure of GRML in 2014 has affected both economic activity and government revenues. GRML decided to suspend its operations in August 2014, amidst falling gold price, and high costs of operations. It cited the dispute with landowners which disrupted operations as reason for its closure. The closure of the mine later in the year resulted in a substantial decrease in mineral exports adversely affecting the country's economic export revenue, employment and the advancement of the mineral sector in the country. The mine is currently owned by Gold Ridge Community Investment Limited, but is not operating.

A lengthy litigation between Axiom KB Mining Limited and SMM Solomon Limited also affected the mining activities on Isabel. The extraction of nickel on Isabel by Axiom was halted in 2014 when the two companies fought a court battle for the rights to conduct exploration in San Jorge, Isabel Province. Axiom was given the legal right to conduct exploration in March 2015 but its license was subsequently cancelled on 21 March 2016 by the Solomon Islands High Court which also refused to recognise SMM Solomon Limited's claims. In May 2016, the government announced that it will again open the Isabel project for tendering. Axiom and SMM Solomon Limited have both expressed their plans to again apply for a license. According to government officials, the tender will take place in Q3 2016.

In addition, bauxite mining activities by Asia Pacific Investment Development (APID) and PT Bintang Borneo on the Rennell island have caused considerable controversy. There are claims that the former Minister of Mines decided to grant production licenses to these two companies in 2014 without any advice or recommendation by the Mines and Minerals Board³. The companies are accused of not having undertaken the necessary consultation with landowner groups, nor signed service access agreements with landowners,

³ <http://www.solomonstarnews.com/viewpoint/private-view/6631-faulty-mining-licences-on-rennell>

leading to widespread calls for the cancellation of the licenses. The Attorney General recommended the cancellation of the licenses in April 2015. In November 2015, the Solomon Islands High Court ruled against the Attorney General's order and declared that the companies can continue their mining operations. Landowners in Rennell have expressed disappointment with the decision and pursued an appeal to the High Court which resulted in the suspension of operations. To date, APID has not resumed operations and it is facing allegations of not paying the correct amount of royalties to landowners during its operations.⁴

Other potential mineral deposit sites have been identified in Guadalcanal, Isabel, Choiseul, and Western Provinces. Mining could contribute significantly to the Solomon Islands' economic development if plans are put in place for investing the proceeds in basic services and community development. This includes strengthening the current legislative framework and policies that govern management and regulation of the mineral sector.

[Explanation of the Validation process \(objectives, timeline, ToR, etc.\)](#)

The EITI International Board agreed at its 33rd Board meeting in Oslo, Norway that fifteen countries, including Solomon Islands will undergo validations starting 1 July 2016.

1. Validation is an essential feature of the EITI process. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation report will, in addition, address the impact of the EITI in the country being validated, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.

2. Validation procedure. In February 2016 the EITI Board approved a revised Validation system. The new system has three phases:

1. Data collection undertaken by the International Secretariat
2. Independent quality assurance by an independent Validator who reports directly the EITI Board
3. Board review.

In May 2016, the Board agreed the [Validation Guide](#), which provides detailed guidance on assessing EITI Requirements, and more detailed [Validation procedures](#), including a standardised procedure for data collection and stakeholder consultation by the EITI International Secretariat and standardised terms of reference for the Validator. As previously, there are extensive opportunities for stakeholder participation, as set out below.

The Validation Guide includes a provision that: "Where the MSG wishes that validation pays particular attention to assessing certain objectives or activities in accordance with the MSG work plan, these should be outlined upon the request of the MSG". The SIEINSG did not request any issues for particular consideration.

3. Data collection by the International Secretariat. In accordance with the [Validation procedures](#), International Secretariat's work was conducted in three phases:

⁴ <http://www.solomonstarnews.com/news/national/10480-royalty-amount-queried>

1. Desk Review. Prior to visiting the country, the Secretariat will conduct a detailed desk review of the available documentation relating to the country's compliance with the EITI Standard, including but not limited to:

- The EITI work plan and other planning documents such as budgets and communication plans;
- The multi-stakeholder group's Terms of Reference, and minutes from multi-stakeholder group meetings;
- EITI Reports, and supplementary information such as summary reports and scoping studies;
- Communication materials;
- Annual progress reports; and
- Any other information of relevance to Validation.

This work will include initial consultations with stakeholders, who are invited to submit any other documentation they consider relevant. Without prejudice to the ability of the Board to exercise their discretion to consider all available evidence, the Secretariat will not take into account actions undertaken after the commencement of Validation. The desk review was conducted in the period 1-11 July 2016 and included documents provided by SIEITI.

2. Country visit. The country visit took place from 12-16 July 2016. All meetings took place in Honiara. The secretariat met with the multi-stakeholder group and its members, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group.

In addition to meeting with the MSG as a group, the Secretariat met with its constituent parts (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders are able to freely express their views and that requests for confidentiality are respected.

The list of stakeholders to consult was prepared by SIEITI, with inputs and suggestions from the International Secretariat. The International Secretariat attempted to meet with all relevant stakeholders, however some civil society representatives who are members of the SIEINSG did not show up to the meetings. In addition the International Secretariat's request to meet with the EITI Champion was not granted. Finally, several non-SIEITI members cancelled meetings during the mission. Nevertheless, the International Secretariat's view is that the report covers views of the key stakeholders engaged in the EITI process.

3. Reporting on progress against requirements. Based on these consultations, the International Secretariat has prepared this report making an initial evaluation of progress against requirements in accordance with the Validation Guide. In accordance with the [Validation procedures](#), the report does not include an overall assessment of compliance. The report will be made available to multi-stakeholder group for comment prior to quality assurance by the Independent Validator.

The International Secretariat's team comprised: Sam Bartlett, Gay Ordenes and Dyeke Rogan.

4. Independent Validation. The EITI Board will appoint a Validator, who will report to the Board via the

Validation Committee. The Validator will assess whether the Secretariat's initial Validation has been carried out in accordance with the Validation Guide. This will include: a detailed desk review of the relevant documentation for each requirement and the Secretariat's initial evaluation for each requirement, and a risk-based approach for spot checks, and further consultations with stakeholders. The Board may request that the Validator undertake spot checks on specific requirements. The Validator will amend or comment on the Secretariat's report as needed. The Validator then prepares a short summary (the Validation Report) for submission to the Board. This will include the Validator's assessment of compliance with each provision, but not an overall assessment of compliance. The multi-stakeholder group will be invited to comment on the Validation Report.

5. Board Review. The final stage in the process is the review by the EITI Board. The Validation Committee will review the Validator's assessment and any feedback from the multi-stakeholder group. The Validation Committee will then make a recommendation to the EITI Board on the country's compliance with the EITI Requirements. The EITI Board will make the final determination of whether the requirements are met or unmet, and on the country's overall compliance in accordance with provision 8.3.a.ii of the EITI Standard. There is an appeal process, as per requirement 8.8.

Part I – MSG Oversight

1. Oversight by the MSG

1.1 Overview

This section relates to government oversight of the EITI process, stakeholder engagement and the environment for implementation of EITI in country, the governance and functioning of the multi-stakeholder group (MSG), and the EITI work plan.

1.2 Assessment

Government oversight of the EITI process (#1.1)

Documentation of progress

Prior to being admitted as an EITI candidate country in June 2013, there were several unequivocal public statements of the government intention to implement the EITI including a Cabinet decision on 6 July 2011. The former Prime Minister Gordon Darcy Lilo reaffirmed the commitment to the EITI in his speech at the EITI Global Conference in Sydney in May 2013. The current Prime Minister Manasseh Sogavare mentioned the EITI in his speech during the celebration of the Solomon Islands' Independence Day on 7 July 2015 where he said: "In the extractive sector where our natural and mineral resources abound, we inherited a somewhat challenging situation. We are working on Extractive Industries Transparency Initiative Solomon Islands Chapter" (p. 9). This is the most recent mention of the EITI by the government.

The national and political champion used to be the Minister of Finance and Treasury, Honourable Rick Houeniplewa, who was replaced by Minister of Finance and Treasury, Honourable Snyder Rini in December 2014. There have been no public statements related to the EITI by Minister Rini since assuming office. The government has appointed a senior government official, Mckinnie Dentana, Under Secretary Economics, Ministry of Finance and Treasury (MoFT) as the senior individual who will lead the EITI implementation as National Coordinator and the Chairperson of the SIEINSG. Under the direction of Mckinnie Dentana, Vincent Salafa Obimae is leading the initiative operationally as Head of the Solomon Islands EITI national secretariat.

Other senior government officials are represented on the SIEINSG, including representatives from the Ministry of Mines, Energy and Rural Electrification (MMERE); the MoFT; the Office of the Auditor General (OAG) and the Office of the Prime Minister and Cabinet (OPMC). The OPMC stopped attending SIEINSG meetings following the November 2014 elections given that the OPMC SIEINSG representative was a political appointee who was no longer in government. A new representative from OPMC has been appointed based on the latest list of SIEINSG members provided to the International Secretariat (Annex 1). The Central Bank of Solomon Islands (CBSI) also used to have representatives on the MSG. According to CBSI, they stopped attending when the SIEINSG representatives from CBSI, Raynick Aquillah, passed away in early 2015. The SIEINGI meeting minutes indicate that CBSI has not attended NSG meetings since 2013. Although the SIEITI Secretariat followed up with a letter to the CBSI Governor requesting a replacement NSG member, the CBSI member of the NSG had not been replaced as of July 2016. The International Secretariat understands that CBSI intends to appoint a replacement in the coming months.

SIEITI has established a National Secretariat office under the MoFT. At present, the secretariat has two

staff - a Head of the Secretariat and a Procurement Analyst. According to the national secretariat, recruitment of a Finance Officer and Communication Officer is planned. Early in 2016, the Head of the Secretariat was made part of the government constituency on the SIEISNG.

The government representatives on the SIEINSG are to some extent engaged in the design, implementation, monitoring and evaluation of the EITI process, and usually participate in SIEINSG meetings. This includes core MSG activities such as the production of EITI Reports and provision of data for the EITI Report. Government representatives have also participated in some international capacity building events related to the EITI. Minutes from EITI meetings show that SIEINSG government members have attempted to address legal barriers to implementation such as consulting with the Attorney General's office and obtaining an authorization from the Minister of Finance and Treasury to release income tax data. MMERE is also supportive of the SIEINSG's decision to provide inputs to the National Minerals Policy, including pushing for making the EITI mandatory by law. Although there is engagement at the working level, there seems to be less engagement by more senior members of government and there have been few interventions to try to resolve some of the barriers to implementation such as ensuring that companies comply with the obligation to participate in the EITI process. There are discussions on including the EITI Requirements in the revised Mining Regulations, but there is no indication of how far this discussion has been taken outside of the SIEINSG.

Stakeholder views

Government stakeholders confirmed that a briefing on the status of the EITI was submitted to the Prime Minister as well as other relevant ministries at the end of 2015. The purpose of this briefing was to initiate a discussion at the Cabinet level of the future of the EITI in Solomon Islands. When asked about the status of this policy brief, the government representatives said there is no outcome yet after the brief was passed on to the Prime Minister.

There seems to be a mixed sentiment among government representatives regarding the government's commitment to the EITI. Some are of the view that the change of government in 2014 has affected the government's level of commitment. They argued that while the previous government publicly supported EITI, the new government has a different line of thinking. One government representative stated that although the Ministry of Finance and Treasury did not appear to support transparency in the mining sector, other government officials saw the value and potential benefits of the EITI. Host communities have been asking for government assistance on how they can benefit from mining operations. There is a recognition that mining can boost development but governance should be improved. However, a few stakeholders from government also noted that some government officials may have misconceptions about the role of the EITI. In view of this, they expressed the need for all agencies to jointly discuss how they can benefit from the EITI. Given, however, the MoFT's reservations, they said they should probably rely on the Ministry of Mines to lead that discussion. Other government officials confirmed their reservations because they consider transparency as a sensitive issue.

A government representative said that while the previous Prime Minister Darcy Lilo used to champion the EITI, there is currently no clear government champion. Accordingly, there had been some discussions within the MSG on which agency would be best placed to lead the EITI given the MoFT's reservations.

One government representative maintained that the government is still committed to the EITI. In support of this, the current efforts to make EITI participation mandatory through the draft National Minerals Policy was cited.

On the SIEINSG's decision-making processes, government representatives noted that a challenge to effective engagement in the EITI process was that SIEINSG members from both government and industry were not in a position to make decisions. Given the lack of consultations prior to SIEINSG meetings, follow-up was required to determine whether decisions taken in a preliminary manner were confirmed and securing clearance from the respective leaderships was problematic given that those making decisions were not involved in the discussions. This was seen to hinder progress.

Other stakeholders noted that there was a growing commitment by the government to transparency in the mining sector, in particular within the OPMC and MMERE. However, it was also expressed that the NSG should have more initiative in ensuring follow-up actions, especially in requiring company participation. Some stakeholders also argued that there should be higher level representations in the NSG.

Civil society representatives noted that lobbying for the EITI was very important because there was instability in the government and inconsistent support for the EITI. According to them, there was a need to push for the EITI being included in high level statements such as e.g. the outcomes statement of the National Conference. There was also a need for the government to provide budget support. They saw no champions of the EITI at the political level at the current time. When asked whether they think there is high level representation in the NSG, one civil society representative replied that the person in government who is responsible for the EITI (MOFT Under-Secretary-Economic, ee Mr. Dentana) is a very busy person which is why he does not attending to the EITI matters full time-why he is sometimes not able to attend. She said that if there was an opportunity to have another senior person from government to attend in his absence, this would be good.

A company representative expressed satisfaction with government performance and with the involvement of some senior government officials. He noted that the secretariat should be under the Ministry of Mines and Energy since it is regulating the minerals sector. Another company representative said that the government should put more effort on EITI, particularly in guiding the data collection process. It was noted that the government has "no teeth" to require participation and should do more to convince companies to participate. Another industry representative observed that EITI is not as active now as it was at the outset. He attributes this to lack of commitment of high level government officials, uncertainty in funding and lack of capacity among SIESNG members.

Some stakeholders outside the MSG said that EITI currently does not have a high profile in the Solomon Islands, and that government support has waned with the change of Prime Minister. There is also a sentiment that the EITI is not high on the political agenda.

With regards to funding, government stakeholders noted that the government was currently financing office costs and that another SBD 130,000 was allocated for the EITI to cover the 2015 EITI Report, provincial visits, and printing and publication. A recent development, however, is that Minister Snyder Rini has decided not to request for an EGPS grant this year, even when the World Bank indicated that such a grant would be available. The reason given is that he sees transparency as a sensitive issue, and he thinks that government funding should not be used for CSO activities. A SIEINSG member confirmed that the SIEINSG is not happy with this development especially since the additional funding of SBD 130,000 from the government will not cover capacity building activities for CSOs.

Initial Assessment

In the initial stages of the EITI there were several statements of support by the government of the Solomon Islands to the EITI. This support seems to have faded since the new government was appointed in late

2014. Several stakeholders have also questioned the current government's commitment to the EITI. One of the recommendations from the pilot Validation conducted in 2015 was that the government should issue a new statement of commitment. The MSG has since been following up on this statement but none has been issued so far.

Evidence such as SIEINSG meeting minutes and conversations with stakeholders show that representatives from government, participate and engage in SIEINSG meetings. However, input and contributions outside of SIEINSG meetings seem to mainly be led by the SIEINSG national secretariat. Minutes from SIEINSG meetings indicate that the SIEINSG has been largely focused on institutional and procedural issues such as sorting out the membership, securing funding and establishing a national secretariat. There is relatively little documentation of substantive discussions about mining sector governance, the EITI Standard and the content and findings of EITI Reporting. Inputs to the National Minerals Policy seem to focus mainly on making EITI participation mandatory. Although there has been some financial support to implementation from the government, senior government representatives have only occasionally intervened to address bottlenecks in implementation. Major barriers to implementation such as confidentiality provisions and lack of company reporting still exist. Moreover, there is an express acknowledgment of the MOFT's reservations in implementing the EITI, as transparency is seen as a sensitive issue. Although stakeholders are participating in the SIEINSG, it is difficult to conclude that government is fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process. The International Secretariat's initial assessment is that Solomon Islands has made inadequate progress in meeting this requirement.

Company engagement (#1.2)

According to the MMERE, as of July 2016, there are 35 active prospecting licenses, three active mining leases held by Asia Pacific Investment and Development Ltd., Gold Ridge, and World Link Gold – and five active building materials permits (for extraction of gravel, sand). Based on the 2014 EITI Report, these licenses are held by 16 companies (p. 12). The sole producing mine, Gold Ridge, was operated by St Barbara until mid-2014 when the mine was closed due to floods, looting and conflicts with landowners and the high cost of production given falling gold prices. In May 2015, St Barbara sold the mine for AUD \$100 to a landowner-controlled company Gold Ridge Community Investment Limited (GCIL), including all legal and rehabilitation liability⁵. It was subsequently declared a disaster area by the Solomon Islands government's Disaster Management Council in July 2014⁶. Axiom Mining and SMM Solomons Ltd are the main companies exploring in Solomon Islands.

Industry engagement in the process has been inconsistent and SIEINSG meeting minutes show that the question of how to engage industry has been a key topic throughout implementation. Although industry representatives have attended SIEINSG meetings and some other EITI events, including the EITI's recent regional training in Manila and a study tour to Timor-Leste, industry representatives have not been actively engaged in core EITI activities such as designing the scope of the EITI report, providing data for the EITI report or in outreach to other mining companies. The signals from the companies on their willingness to engage have been mixed. With regards to the 2012/2013 EITI Report the SIEINSG meeting minutes from 5

⁵ <http://www.sbs.com.au/news/article/2015/07/07/bid-find-saviour-solomons-gold-mine-amid-toxic-sludge-fears>

⁶ <http://www.sbs.com.au/news/article/2015/07/09/solomon-islands-mine-declared-disaster-zone-over-dam-collapse-fears>

June 2014 state that “SMM Solomons Ltd had recently indicated that it would not participate in the EITI. This position appeared to be reversed after meeting the EITI Reconciler on Thursday 29 May 2014 and a strong letter from MoFT. SMM Solomons Ltd had since indicated that it would provide completed templates by Wednesday 4 June 2014 but these had not yet been forthcoming” (p.2). With regards to Axiom Mining, it is noted that “Axiom had not yet provided templates due to priorities with meeting Australian financial reporting requirements. Mr. Steve Williams (Axiom) endeavoured to progress the templates and it was reiterated that the EITI Reconciler required these as soon as possible” (MSG meeting minutes 5 June 2014, p.2). With regards to St Barbara, the main reason for non-participation in the 2012-2014 EITI Reports was the flooding and conflict that erupted in the midst of the preparations for Solomon Islands’ first EITI Report and the subsequent suspension of the mine. None of these companies provided the data for the 2012 and 2013 EITI Report.

With regards to the 2014 EITI Report, the report makes reference to the SIEINSG meeting on 20 June 2015 stating that “It was decided that only Axiom KB Mining Limited has shown its willingness and commitment to participate and SMM Solomon Limited to do unilateral disclosure. However, a meeting with management on 3rd August 2015 concluded that SMM Solomon Limited had also shown their interest to take part in the 2014 reconciliation exercise. Due to closure of operations, St Barbara Mining Limited will not participate in the exercise but data on its contributions to the economy will be captured in reports by Central Bank and those supplied by the Government Agencies” (2014 EITI Report, p.6). The SIEINSG meeting minutes from 4 June 2015 and 27 July 2015 confirm Axiom’s willingness to participate in the EITI Report. However, neither company submitted data for the 2014 EITI Report within the required timeframe. The 2014 EITI Report notes that “The failure of Axiom KB Mining Limited and SMM Solomon Limited to submit data even after continuous reminders and consultations has resulted in the decision to adopt unilateral disclosure reporting, affecting the desired reconciliation approach and result and delay in completion of the final report” (p.12). At the MSG meeting conducted on 1 October 2015, Axiom Mining explained that it could not provide financial data because any disclosure would impact the outcome of the case before the High Court appeals, which was pending at that time. It stated that it will continue its participation once the case is resolved (MSG Meeting minutes, 1 October 2015, p. 3).

In terms of legal obstacles to implementation, the legal review identified that a letter of consent by reporting companies would be required in order for the government to release some of the revenue data. It was also regarded as important to maintain relationships with industry and mitigate any concerns around the release of information (Legal review, p.3). Having consulted industry, the legal analysis report notes that (p.30) “Consultations with Axiom, SMM and Bluewater revealed broad support for the SIEITI process. None expressed concern with the release of the reportable revenues and all undertook to consider the written request for consent. Notably, these three companies have been involved in different ways with SIEITI for several years, including as members of the MSG, and this appears to have been an important factor in the broad support shown. At the time of writing, no companies had provided their official consent pursuant to the request of 17 April 2014.” Despite this statement, no company provided the letter of consent for the 2012 and 2013 or the 2014 EITI Report. The national secretariat carried out further consultations with Axiom and Sumitomo, who both said that they were not the right entities to provide the data or letter of consent because they are only prospecting companies.

Stakeholder views

Industry representatives said that the EITI was important to Solomon Islands and that they would participate in the future once the legal issues related to their licenses had been resolved. Axiom and

Sumitomo explained that they are currently waiting for the Minister of Mines to tell them what the next steps should be after the court of appeals ruled against them. The tendering process has not begun, as the government is still working on tender documents and has not set definite timelines. Both Axiom and SMM intend to re-apply for the license. At the same time, they noted that industry participation in the EITI has been difficult given that there is no active mining sector at the moment.

Regarding the consent letter for EITI participation, SMM said that upon commencement of the preparations for the EITI Report, it was given to their Director for signature but has not been submitted to the NSG yet.

According to Axiom, industry participation is low because companies do not really know the importance of EITI due to lack of communication and understanding of the process. Axiom also has not been able to give its letter of consent because all decisions should come from their main office in Australia. It was explained that Axiom did not participate in the 2014 EITI Report because they are still at the prospecting stage so there is no revenue to report. In view of this, there were no plans to participate in the next report. Both SMM and Axiom expressed that despite their non-participation in the EITI Report, they will continue to participate in EITI activities especially in MSG meetings.

A government representative stated that Axiom and SMM were both committed to EITI. Other companies were difficult to even find and talk to. While some companies might be interested in the EITI and willing to sign the MOU, they might not have time to attend meetings. It was understandable that the government had to provide unilateral figures as the two companies have legal issues between them. MoFT had written to the companies to ask them to participate, and they responded citing their reason for not participating. There had been no intervention from the minister no efforts to issue public statement regarding this issue, however efforts were now underway to include EITI participation in the National Minerals Policy.

Civil society expressed that there was a need to look at the legislation to understand what the penalties are for non-compliance by the companies in terms of reporting. A civil society representative also observed that some of the company representatives attend the meetings, or send a representative who is not in a decision-making position, which made decision-making slow.

Initial Assessment

Despite identifying the legal obstacles to government disclosure and company participation in the EITI and recommendations to overcome them, there are still legal and practical barriers to implementation that have prevented comprehensive reporting to date. It is thus not possible to conclude that there is an enabling environment for company participation in the EITI especially since it has been shown that government has not exerted additional efforts to require participation.

Although stakeholders are participating and increasingly taking an active role in the SIEINSG, it is difficult to conclude that industry is fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process. There is also a need to remove legal barriers to implementation. The International Secretariat's initial assessment is that the Solomon Islands has made inadequate progress in meeting this requirement.

Civil society engagement (#1.3)

There are currently six civil society organisations involved in the EITI in Solomon Islands:

- Development Services Exchange (DSE) is the national NGO umbrella body in the Solomon Islands. It was established in 1984 to facilitate and coordinate development services for NGOs and their partners. Currently DSE has a membership of 76 Civil Society Organisations (CSOs), active in areas such as community development, environmental conservation, women, human rights, education, religion, agriculture and youth development. The criteria for DSE membership include NGO registration, submission of statutes, endorsement by a prominent person such as a community leaders or politician and submission of a corporate strategy and action plan. DSE was also developing a code of conduct for their members. Most but not all NGOs that are members of the SIEINSG are also members of DSE.
- Guadalcanal Province Council of Women has been working on programs for women, girls, men, boys including internationals living in Solomon Islands. The programs include trainings, workshops, conferences, seminars etc.
- Northern Fauro Tribal Land Association is the association of the customary landowners on the Fauro Islands in the Choiseul Province. It is a body that seeks to ensure the traditional landowners and their system are recognised and protected for the best interest of the owning tribes.
- Vois Blong Mere Solomon (VBMS) was established in 2002 as an autonomous non-government organization representing Solomon Islands women in the country. VBMS Objectives include: a) dissemination of regular and relevant information that will enable women to actively contribute to all aspects of national development. b) facilitate and coordinate collective and integrated systems of information sharing among rural, provincial and national women's organization in Solomon Islands. c) Establish and strengthen links with national and provincial women's focal points and women's organizations to enhance information collection and dissemination for women in Solomon Islands. d) To promote cooperation amongst Solomon Islands women through the sharing of their information needs. e) To promote, assist and where appropriate establish focal points to collect, analyse and disseminate information relevant to the development needs of women in Solomon Islands. f) To promote, assist and where appropriate establish links to regional and international organizations and bodies for the purpose of information collection and dissemination⁷.
- Transparency International SI, working on anti-corruption and good governance.
- Nature Conservancy International, an environmental NGO that works with the government and local communities to protect the marine and terrestrial resources of Choiseul and Isabel Provinces.

Expression: Minutes from MSG meetings show that civil society is contributing to the discussions within the SIEINSG and has at times put pressure e.g. on companies for their lack of EITI Reporting, or on government to increase budget support. There is no evidence of self-censorship or self-imposed restrictions related to freedom of expression on EITI issues.

Operation: There are no suggestions of legal, regulatory, administrative and actual barriers to civil society operation preventing participation in EITI, nor any restrictions of fundamental rights. A freedom of access to information bill is currently being discussed in parliament at the committee level. NGO activities are currently governed by the Charitable Act, which requires NGOs to register in order to be tax exempted. The registration is done with the Ministry of Commerce, and NGOs need to submit the name of the organisation, the tax number, and their statutes. A new NGO law is currently being drafted and is supposed to have been subjected to consultations but CSOs are not aware that such consultations have yet taken

⁷ <https://www.peaceportal.org/web/vois-blong-mere>

place.

Association: Civil society groups engaged in the EITI process confirm that they are freely collaborating with each other as well as with other local NGOs not directly represented on the MSG, even if they rarely get together to discuss the EITI in an organised way. There are no restrictions on collaboration. DSE has focal points in the provinces of Isabel, Makira and Malaita and disseminates information to all members. VBM has offices in four provinces.

Engagement: Civil society is involved in the design, implementation, monitoring and evaluation of the EITI mainly through participation in SIEINSG meetings. Limited capacity building events have been held for civil society on EITI or extractive issues, and there is little evidence of civil society input to technical discussions during SIEINSG meetings. The need for capacity building for civil society has been brought up at several SIEINSG meetings. The World Bank has offered a grant to civil society capacity building. According to the minutes of the SIEINSG meeting on 15 November 2015, civil society presented its budget proposal and list of activities which the NSG endorsed, subject to MOFT's approval. When asked why the MoFT's approval was necessary, the national secretariat explained that since the supposed grant was between the World Bank and the government, it was necessary for the government to approve all allocations.

Access to public decision making: Although there has been limited use of the EITI process to promote public debate and to undertake advocacy on natural resource governance issues, there is nothing that suggests that this is due to restrictions on civil society. Rather it appears to be an issue of lack of capacity and knowledge.

Stakeholder views

CSO SIEINSG members confirmed that they rarely if ever get together in a formal or organised way to discuss input to or outcomes of NSG meeting, even if they often would chat to each other informally. One CSO member noted that an important lesson learnt was the need for civil society to more formally coordinate prior to NSG meetings to ensure they would come to the meeting with a joint position. A CSO representative stated that they ask questions at the MSG if they are not clear about things.

In terms of the environment for civil society participation, civil society representatives said that they were free to speak up on mining issues. There had been cases where government had prosecuted media organisations for defamation or refusal to disclose journalistic sources. These cases had been mainly related to political opposition. One civil society representative said that she had personally challenged the Permanent Secretary of MMERE when he had claimed that the dewatering process in the areas adjacent to the Gold Ridge mine had been completed and the water was safe to drink. She had told the Permanent Secretary to "drink the water himself". Furthermore, civil society explained that more broadly they were able to protest and influence unpopular government decisions such as salary increases for MPs and rearmament of police. One civil society representative said that there had been several clashes between landowners and police related to the conflict with Gold Ridge⁸. She gave the example of one time where a group of women had blocked the roads to prevent company representatives to reach the mine. These women had been chased by the police and when one of them had tried to mediate, this person had been imprisoned for civil disobedience. They did not know the outcomes of the court case.

While they were not currently facing any legal or practical restrictions on their operations, some were

⁸ <https://ramumine.wordpress.com/2013/07/17/tensions-high-at-goldridge-mine-site-in-solomon-islands/>
<http://devpolicy.org/gold-ridge-standoff-deepens-20150220/>

concerned about the NGO law that was currently being drafted. The Ministry of Home affairs was leading the drafting and they thought that the draft was now with the Attorney General's Office. Although NGOs had been promised they would be consulted, they had not yet seen a draft but thought that consultations would take place in Q1 2016. They had not been consulted to date. They were afraid the bill was intended to "shut their mouth" and did not see any reason for such a bill. Others were less worried. One CSO representative noted that she had an audience with the Prime Minister earlier in the year where the Prime Minister had assured them that the law would not be restrictive but rather aimed at improving the relationship with NGOs. She had confidence that this was true, also because the bill has been part of the government's plans for several years, even if it was seen to be very far down on the government's priority list.

Civil society noted that a priority was to get the industry to understand the EITI, given how beneficial it could be to business. They said that there had been a lot of interest from industry in the beginning and SIEINSG meetings were always attended by 3-4 people from industry. However, they thought that industry had been put off by the lack of organisation and funding in their early days.

Companies consider CSOs to be fully engaged in the process, and that they are able to freely express their views.

A government representative said that CSOs reflect and effectively represent the interests of landowners. There is no perception that CSOs have conflicts of interests or that they lack independence. There is also a sentiment that the CSO's relationship with government improved in terms of sharing information because of the EITI. However, another government representative stated that there is some reservation regarding the government extending support to CSOs in general, not necessarily to CSOs engaged in EITI.

Regarding their capacity to participate, the CSOs expressed that the reports are too technical for some of them. Therefore, they need better guidance by senior government to walk them through the technical details of the reports.

Initial Assessment

Although there is an enabling environment for civil society to participate in the EITI, it is difficult to conclude that CSOs are fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process mainly because funding constraints and lack of technical capacity is limiting their ability to participate. There is no evidence that the CSOs have actively sought to address this concern. Further efforts are required to ensure that civil society is fully and effectively taking part in all aspects of EITI implementation. The International Secretariat's initial assessment is that Solomon Islands has made meaningful progress in meeting this requirement.

MSG governance and functioning (#1.4)

Documentation of progress

MSWG composition and membership

The SIEINSG was established on 28 January 2012 and as of July 2016 comprises 14 members⁹. It has six government members: Two representatives from MoFT, including the SIEINSG Chair Mckinnie Dentana, one representative from the Inland Revenue Division, one representative from the OAG, one

⁹ The list of MSG members and contact details are available in Annex B.

representative from the MMERE, one from the Prime Minister's Office, and one from the National Secretariat who is also under the MoFT. Industry has two representatives, Axiom and Sumitomo SMM Limited. Civil society has seven representatives: DSE, Northern Fauro Tribal Land Association, VBM, and Transparency International SI, a representative from a community (landowner) and Nature Conservancy International. Guadalcanal Province Council of Women is not in the current list of MSG members, but the national secretariat confirmed that this is due to the fact that the term of its representative has ended. Officially, however the group has not left the SIEINSG, and might consider extending its term.

The composition of the SIEINSG is set out in an MoU¹⁰, which was first approved on 20 June 2012 and subsequently revised by the SIEINSG on 12 March 2015. The MoU serves as the Terms of Reference (TOR) for the SIEINSG. §8(a) of the MoU stipulates that:

“The SIEINSG shall comprise of equal representation of members from the SIG, CSO and the EI. The SIEINSG may agree at any time to change, add, or reduce number of members although the membership will begin with: 6 SIG representatives and alternates, 6 CSO representatives and alternates and 6 EI representatives and alternates” (p.5).

§8(e) of the MoU goes on to define the terms “representative” and “alternate” as follows:

“Representative shall refer to a member of members of the SIEINSG or individual that made up SIEINSG. An Alternate shall refer to person or an office that is delegated by the representative to attend SIEINSG meetings or others in circumstance that the representative is unable to attend SIEINSG meeting or other SIEINSG activities” (p.6).

There is thus a discrepancy between the composition outlined in the MoU and the actual practice in terms of number of MSG members. The reason for this is that it has not been possible for SIEITI to fill all SIEINSG seats at all times, in particular not for industry representatives. Also, the MoU stipulates that each representative should appoint an alternate, although such nominations are conducted on an ad hoc basis with no forewarning.

The MoU sets a term limit for membership, noting that “members of the SIEINSG shall be appointed for an initial term of 3 years with the possibility of reappointments based on rules set by the SIEINSG” (§8(b), p.5). According to the minutes from SIEINSG meetings, it seems like a general refreshment of the whole SIEINSG was organised in August-November 2014 concluding in a list of recommended appointments of new SIEINSG members on 27 November 2014. However, the refreshment process only aimed to fill empty SIEINSG seats rather than appoint new members or reappoint those who had served the term limit. The International Secretariat understands that a couple of SIEINSG members (including Mary Bollen of the Guadalcanal Council of Women, Mere Levo of the Northern Fauro Tribal Land Association and George Tapo of the Inland Revenue Division) all reached the three-year term limit in January 2015, but that the SIEINSG has not discussed this issue. Otherwise, it seems that each constituency is responsible for sorting out its membership, including replacements and re-nominations as needed. §8(d) of the MoU stipulates that “each representative sector shall have the right to independently select and replace its members on the SIEINSG” (p.6). The International Secretariat understands that although the initial MSG members were formally appointed by the Minister of Finance in writing (MSG meeting minutes, 11 August 2014), this procedure is no longer in use.

¹⁰ <http://www.sieiti.gov.sb/index.php/publications/resources/memorandums-of-understanding/finish/12-memorandums-of-understanding/29-solomon-islands-extractive-industries-national-stakeholder-group-siein-sg-memorandum-of-understanding-mou-march-2015.html>

The selection process for civil society has to date been managed by DSE. A national conference was held in January 2012 where civil society representatives were nominated to serve as NSG members. NGOs, landowner groups, community leaders, industry representatives, government officials and other stakeholders were present at the meeting. The International Secretariat understands that attendees nominated individual civil society leaders to serve as NSG members, and that the nominees were endorsed at this meeting. There was no voting for candidates. The CSO representatives consulted explained that they had been elected as they were seen to represent the different interests of civil society in the Solomon Islands. It was also noted that only Honiara-based civil society representatives were nominated in this round as it was seen to be challenging to include CSO representatives from the region. However, the CSO representatives informed us that they have extensive networks and focal points in the various provinces and that the links to the grassroots organisations were therefore strong. DSE has been helpful in terms of canvassing across their membership the various organisations that might be able to contribute to the EITI, and was regarded as a natural member of the SIEINSG given their overall coordination role and their work on governance issues. Guadalcanal Province Council of Women was considered important given their work also around Gold Ridge. Northern Fauro Civil Society represented landowners and TI was focused on anti-corruption. One of the civil society representatives who were appointed SIEINSG members in January, representing a Women's group in Isabel province seem to never have attended an MSG meeting, while another one, the Goldridge landowner council, only seem to have attended once (MSG meeting minutes). In order to make up for these empty seats, VBM was nominated as SIEINSG representative in March 2014, but only started to join meetings in 2015. It was noted that VBM had been nominated because of their strong influence among women's organisations throughout the country and their work on disseminating the media. TNC was also invited to join given their work on environmental issues, and they have attended meetings since August 2014. Recently, the group Nature Conservancy International also became a member of the SIEINSG. None of the representatives were aware of any organisations that were doing extensive work on mining that were not currently part of the EITI, nor did it seem that any other civil society representatives beyond the SIEINSG members are doing any work on the EITI.

In terms of the operational and policy independence of civil society, the following is worth noting:

- At the SIEINSG meeting on 27 March 2014, civil society suggested that a sitting allowance be provided to encourage SIEINSG members to attend meetings. This was subsequently approved by the OPMC on 5 June 2014 and the MoU was updated to stipulate that "sitting allowance (SBD 300) shall be paid to the SIEITI National Stakeholders Group members" (§9(i),p.6). Stakeholders confirmed that this was not affecting the independence of civil society representatives. The sitting allowance is paid to all SIEINSG members.
- In 2008 the Government, represented by the Ministry of Home Affairs entered into an MoU with DSE on behalf of civil society organisations in Solomon Island aimed at strengthening collaboration between the government and civil society groups in the Solomon Islands. The MoU recognises the independence of civil society, noting that "The Government will recognise the independence of CSOs, and will similarly respect the rights of the same to enjoy the fundamental rights and freedoms to which they are entitled under the Constitution, laws of Solomon Islands, and international law recognised as part of the country's laws. In recognition of this independence, the Government will endeavour not to devise policies or take legislative action that will unnecessarily and unreasonably interfere with the independence or impede the work of CSOs. However, any joint initiative undertaken by the Parties to raise the level of accountability within the CSO community shall be deemed permissible. In this

connection, Government intervention will be limited to matters of public policy and national interest” (MoU, p.5).

- One of the CSO representatives is a member of the political opposition party.

However, there is nothing that suggests that these issues are affecting the independence of the CSO SIENGI members.

Industry representation on the SIEINSG appears to have continuously changed since the SIEINSG was formed in 2012, both in terms of companies and individuals:

- The candidature application submitted in May 2012 lists five company representatives as SIEINSG members: Gold Ridge Mining Limited, Sumitomo Metal Mining Solomon Limited (SMM Sol), Newmont Mining Company, Pacific Porphyry, and Caldera Minerals SI Limited.
- The SIEINSG meeting minutes from 12 February 2014 state that “MSG needs to reconstitute EITI MSG membership as civil society groups and extractive industry representations always change randomly. There have been three industry representation positions on the MSG left vacant and in need to be filled: Newmont Mining Company, Pacific Porphyry, and Caldera Minerals SI Limited”.
- The 2013 annual activity report released in June 2014 lists the following eight companies as SIEINSG members (p.3): Caldera Minerals SI Limited, Axiom, Sumitomo SMM Limited, Bluewater Metals, Solomon Bauxite, Solomon Alluvial Mining Company, Pacific Porphyry and SI Chamber of Mines Working Group.
- Subsequent to the SIEINSG reshuffle in November 2014, it was suggested to add the following four companies are listed as SIEINSG members: APID Mining Company; Bintang Company, Solomon Sheet Steel and Solomon Islands Cement. The International Secretariat understands that none of these companies responded to the letters from SIEITI inviting them to participate.
- In the 2014 annual activity report released in June 2015, two companies – Axiom and Sumitomo SMM Limited – are listed as SIEINSG members.

In the recent list of MSG members provided to the International Secretariat in July 2016, Axiom Mining Company and SMM Solomon Limited are listed as members. The Head of the Secretariat mentioned that they have invited a representative from Solomon Bauxite Ltd to join the SIEINSG but they have not received any response because the company is still discussing with their managers in Australia whether they should participate considering that they are only prospecting at this stage.

While this points to an attempt by SIEITI to engage industry in the EITI process, it also indicates a lack of stability and commitment on behalf of industry.

With regards to government representation, the International Secretariat understands that the initial SIEINSG members from government were appointed at the January 2012 conference. The process for inviting these government agencies is unclear. The International Secretariat understands that there is currently no formal procedure for appointing new government representatives. For example, with regards to the former representatives from CBSI and OPMC, SIEITI sent a letter to the head of the agency inviting them to participate. With regards to MMERE, the new representative inherited her predecessor’s tasks, including the EITI.

Terms of reference

The MoU outline the objectives of the SIEINSG, noting that (p.1):

“the SIEINSG shall be the governing body of the SIEITI providing strategic direction and all necessary actions and measures within its capacity to ensure the successful implementation of the EITI. The scope shall include but not be limited to the following: a) to promote revenue transparency and accountability in the extractive sector in Solomon Islands through implementing SIEITI in line with global EITI Standards; and b) to provide a forum for dialogue, debate and consensus on issues relating to the extractive sector in the Solomon Islands”.

The MoU also outlines the mandate and responsibilities of the SIEINSG, which include development, revisions and approval of annual EITI work plans; oversight of the EITI Reporting process, including agreeing on the scope of the EITI Report, reporting templates, the TOR for the Independent Administrator and the appointment of the Independent Administrator; mobilise funding for implementation, engage with all stakeholders, remove any barriers to implementation and undertake any other activities as required in order to implement the EITI. There is no specific reference to the annual activity report or Validation in the MoU. However, the MoU does specify that the SIEINSG is responsible for monitoring, reviewing and evaluating the EITI process, and in practice annual activity reports are developed and approved by the SIEINSG. The MoU also outlines specific roles and responsibilities of each SIEINSG constituency (MoU, p.4). For government, this includes a special emphasis on operational lead of implementation including securing funding and working with the Independent Administrator. For industry, it emphasises the need to provide data for the EITI report and cooperate with the Independent Administrator, and for civil society the MoU stresses the importance of accountability and monitoring implementation (MoU, p.4). Finally, the MoU includes a clause enabling suspension of membership if a representative is not carrying out its responsibilities.

The MoU includes some detail on internal governance rules and procedures:

- As noted above regarding procedures for nominating and changing SIEINSG members, the SIEINSG includes an open policy enabling the SIEINSG to agree at any time to change, add or reduce number of members (§8a).
- The term limit is set at 3 years, with possibility for reappointment (§8b).
- The SIEINSG may invite observers to attend meetings as it sees fit. Observers do not have decision-making rights (§9e).
- Meetings should be held at a quarterly basis, or when the Chair considers it urgent to call a meeting (§9a). Decisions can be taken electronically out of session (§9h).
- Meetings can only commence when at least 1 of the members from each three stakeholder groups are present (§9b).
- Decisions should be taken by consensus. The SIEINSG has also agreed on voting rules. The vote must be taken by at least two thirds of the quorum and inclusive of each stakeholder group. A resolution can pass with 50% +1 in support of the resolution (§9d).
- Minutes are considered adopted once endorsed by the SIEINSG at its following meeting. Minutes can then be published online (§9f).
- As noted above, a sitting allowance of SBD 300 is paid to SIEINSG members (§9i).
- Any SIEINSG member can table any issue for discussion (§9c). There does not appear to be any rules for timely circulation of agenda and documents prior to SIEINSG meetings.

Minutes from SIEINSG meetings confirm that the SIEINSG does regularly refer to its own MoU, including taking stock of quorum and from time to time also discussing suggested changes to the MoU. The International Secretariat understands that a quorum has always been achieved, although this has sometimes involved delays in the meetings to await representation from all three stakeholder-groups. In terms of the practical application of the MoU, it seems that it is mostly adhered to. Areas where there is a discrepancy between the MoU and actual practice include:

- Composition of the SIEINSG, as noted above.
- Responsibilities of SIEINSG members are not always carried out in practice. In 2013, the government largely failed to take responsibility for closing the funding gap resulting in delays in implementation. Industry representatives have not delivered on their duties to provide data for the EITI report.
- Frequency of meetings. In 2012, the SIEINSG met five times; in 2013 the SIEINSG met only once while in 2014 it met eight times, and so far in 2015 it has met seven times. Minutes from the majority of these meetings are available online. Most of these meetings appear to have been quorate.

There is no evidence in SIEINSG meeting minutes of any concerns related to the MoU or decision-making.

In terms of whether SIEINSG members have capacity to carry out their duties, there is no evidence from the meeting minutes of stakeholder engagements in any technical discussions related to the scope or content of the EITI Report, and there appears to have been limited discussions about dissemination outreach and impact apart from two presentations on EITI in two national events, namely, the International Anti-corruption Day and the International Transparency Day on 9 December 2015. Generally, the SIEINSG seems to have focused on mainly on more operational aspects such as funding, establishment of an EITI secretariat, and composition of the SIEINSG. There has been no capacity building events for the SIEINSG beyond the study tour to Timor-Leste and regional workshops organised by the International Secretariat, and only very limited constituency capacity building.

Stakeholder views

With regards to SIEINSG representation, some government representatives noted they felt under-represented on the NSG given that currently only some of their six allocated seats were filled. A government representative said that it was the MoFT that appointed government members.

Other constituencies did not voice concerns about being inadequately represented although Industry mentioned that they do not know whether there are other companies who should be included in the EITI because although some companies are registered, one does not know where their offices are or how one can reach them. Industry stated that they participated in the EITI because of the government's invitation. Both of them confirmed that they had no role in the recent issuing of the invitation to Solomon Bauxite to join the EITI although they remember this being discussed during MSG meetings. They also confirmed that there is no coordination among mining companies, as their engagement with each other is limited only to MSG meetings.

A CSO representative explained that she received a letter from the national secretariat informing her that because of her work with the communities it was desirable that she joins the SIEINSG. She said that the same process was followed in the selection of Nature Conservancy International.

Almost all stakeholders agreed that capacity on EITI and natural resource governance was weak. A few

SIEINSG members noted that they had participated in overseas capacity building events organised by the EITI International Secretariat, but there had been no national level training for the SIEINSG as a whole. Civil society explained that they had not been able to make use of the USD 100k civil society capacity building grant offered to them by the WB MDTF. Only one dedicated EITI training had been carried out in 2012 for civil society, and although they had tried to develop a capacity building plan and budget this work had been delayed. However, they intended to carry out one training for civil society in the 2nd week of December. One CSO member also noted that she ought to do more to include EITI in her organisation's work plan and training curricula. Government and industry had received no training at the national level beyond a session with Moore Stephens explaining how to fill in the reporting templates.

An industry representative noted that in general, there is sufficient capacity for all stakeholders to implement the EITI although some have expressed the need for better staffing for the secretariat and more trainings to understand the technical aspects of the EITI process and how to simplify the findings of the report.

Stakeholders outside the SIEINSG share the observation that the EITI Standard can become too technical for the capacity level of some SIEINSG members, in particular when it comes to understanding the EITI Report, and utilizing the information.

The Independent Administrator said that SIEINSG members clearly did not understand the EITI Report, and thus he considered that the report was of limited use to them. He also confirmed that he had received no comments from SIEINSG members on the draft reports. When the final 2014 EITI Report was updated, a copy of that was circulated to the MSG, but no further comments were provided by SIEINSG members.

With regards to liaison with wider constituencies, all CSO representatives noted that they while they might not be seeking direct input on EITI deliberations or matters in any structured way, they were using their networks to raise awareness and disseminate information related to the EITI. VBM had invited representatives from their provincial offices to Honiara for awareness raising including on the EITI. Subsequent to the study tour to Timor-Leste, the VBM representative had also presented her lessons learnt to the members of her organisation. One civil society representative noted that it would be more efficient to appoint one person who would be dedicated to support them with coordinating input to SIEINSG members. Industry representatives indicated that there was no coordination or dissemination of information either between the industry members of the SIEINSG or any efforts to engage or share information with companies outside the SIEINSG. Axiom noted that although they would potentially be willing to take on some of that work, SIEITI had to first prepare the grounds. They also said that they wondered where the other companies were. They explained that the companies have not come together to discuss their concerns because they are also competing with each other.

When asking MMERE, they had been told that the companies had registered and obtained their prospecting license, but there was no office or sign of activity even though these were conditions for license awards.

In terms of internal procedures, government representatives noted that documents were circulated in a timely manner, despite the absence of formal rules, normally at least one week in advance but at time only three days in advance in exceptional circumstances. While SIEINSG members, particularly CSOs, sometimes complained of insufficient time to review documents this may be due to capacity constraints given other that SIEINSG members had other priorities and tasks to attend to. It was noted that NSG members never suggested additional topics to the agendas circulated in advance. One company representative said that he is not aware of the contents of the SIEINSG Terms of Reference and was therefore not in a position to

comment on whether the SIEINSG was adhering to it. It was noted that there are some constraints when it comes to their decision making authority.

A government representative said that as far as he knows, the ToR is still being followed by the SIEINSG.

A CSO representative noted that the number of meetings depend on the availability of the stakeholders. This continues to be a challenge. Nonetheless, the SIEINSG is doing the best it can to ensure that meetings are held.

Civil society also highlighted that communication with the national secretariat is very open and that they keep civil society informed and up to date on developments. It was noted that the national secretariat has a heavy workload, and need better capacity in order to assist the SIEINSG with meeting the requirements of the EITI. It was suggested that there should be a research person in the secretariat who could help prepare for meetings and other office duties. A more technical person could also support the secretariat and help simplify the report, extract the relevant information, and filter it down to relevant target audiences in the communities that are being affected by natural resource extraction. Civil society also stressed the need for capacity building in this area to enable the CSOs to advocate and use the data from EITI Reports.

In terms of inclusive decision-making, government representatives consulted noted that most SIEINSG decisions were taken by consensus, although an informal voting system operated for appointment of new SIEITI Secretariat staff. No formal voting had ever taken place. Other stakeholders confirmed this practice. One civil society representative appreciated that the SIEINSG was able to make decisions and to tell the government representatives “things that they need to hear from us CSOs”. Others valued that the government had taken on board their suggestions, such as staffing the Secretariat. They said that if there were disagreements in the SIEINSG, members would be given time to consult and decisions could then be taken electronically. Others again noted that decision making in SIEINSG was problematic in that not all decision were followed up and that nothing happened in between SIEINSG meetings. It was suggested that the SIEITI secretariat should have a computer and desk for SIEINSG members so that they could use that as a venue to meet and follow up on EITI work. Civil society also noted that they would prefer that a neutral person chair SIEINSG meetings, but that the Ministry of Finance and Treasury had insisted that they had to do the chairing. SMM and Axiom both consider their attendance at MSG meetings to be fairly regular although they expressed that their usual difficulty is that they cannot make decisions at their level, so they have to relay information to their superiors. They agree that this affects the timeliness of the decision-making process. They observe that all stakeholders are free to express their views, and that there is usually no debates or heated arguments during meetings. They confirmed that all decisions are based on consensus. Delays are however caused when government representatives in the SIEINSG are also not able to make certain decisions at their level and have to relay the discussions to their superiors. Some stakeholder said that SIEINSG members’ participation had increased, both in terms of meeting attendance and involvement in discussions, after SIEITI started to pay sitting allowances. Apparently they were more actively voicing opinions and making contributions during SIEITI meetings. Others noted that there was still a very high turnover of SIEINSG members.

Initial Assessment

A multi-stakeholder group - the SIEINSG - has been established. To some extent it comprises relevant and appropriate actors, although some key government agencies – CBSI, the Ministry of Provincial Government and Institutional Strengthening, are currently not members of the SIEINSG. OPMC, for a certain period, stopped attending the meetings. It is also unclear to what extent government SIEINSG members have

access and ability to influence decision-makers within their agencies in order to ensure effective and timely implementation, not least given the delays and obstacles to implementation also on the government side. Although the main industry actors are members of the SIEINSG there are concerns about their engagement. Civil society seems to represent a wide network of NGOs, but their knowledge and expertise of the extractive sector is varied.

There are clear concerns regarding capacity. Although all stakeholders are participating in SIEINSG meetings, there are few that seem able to engage on the more technical aspects of EITI implementation and the extractive sector. While this seems true for all SIEINSG members, it is particularly critical for civil society to be able to play its role in holding government and industry to account. There is no evidence in the SIEINSG meeting minutes of that civil society has ever objected, questions or raised concerns about any aspect of EITI reporting, apart from questioning why industry did not report.

The MoU for the SIEINSG addresses the requirements of the EITI Standard, but only appears to be partially followed in practice. While many of the discrepancies that have been identified are not major, there are concerns in particular with regards to the ability of stakeholders to carry out their EITI duties and the lack of delivery against responsibilities of MSG members as outlined in the MoU.

The MSG has met frequently in 2014 and 2015, and procedures and record keeping appears adequate even if attendance has been inconsistent. Two meetings have so far been conducted in 2016. There is no evidence that substantial discussions take place during NSG meetings on matters other than those related to the preparation of the EITI Report.

The International Secretariat's initial assessment is that Solomon Islands has made meaningful progress in meeting this requirement.

Work plan (#1.5)

Documentation of progress

The 2016 work plan lists the following objectives:

1. Remove barriers to EITI implementation to ensure all reporting entities comply with EITI requirements; strengthen the national secretariat and MSG
2. Solomon Islands meet the EITI Standard to deliver sustainable, transparent and accountable natural resource management
3. Increase awareness of stakeholders and the public by disseminating reports and holding community outreach campaign
4. Build stakeholder capacity to implement, monitor and participate in EITI—including SIEITI governance capacity. Enhance government capacity to implement and civil society (including women) capacity to participate.

The above objectives focus primarily on regular EITI implementation tasks rather than on national priorities for the extractive sector. In agreeing these objectives, it appears that the SIEINSG relied heavily on the national secretariat's suggestions and approved them. The minutes of the meetings in 2016 do not show any substantial discussion of objectives for the 2016 work plan.

The work plan includes activities that respond to the objectives. However, given that the objectives are more about regular EITI implementation tasks, the activities are also generally process oriented. Under the

objective to remove barriers to EITI implementation, the work plan indicates that the SIEINSG will submit inputs to the National Mineral Policy to make EITI participation mandatory. This has been implemented by the SIEISNG. Another objective is to strengthen the secretariat and the NSG. Activities listed under this relate to capacity building and executing contracts and securing funding for EITI implementation, all of which respond to the objectives. Another objective is for the SIEINSG is to comply with the EITI Standard and ensure accountable natural resource management. The activities listed under this pertain to acting on the recommendations of the Independent Administrator, preparing the next EITI Report, and disseminating the findings of the report. Although one activity pertains to deciding on data assurance processes, no other activity relates to technical aspects of the EITI reporting process. The activities, however, respond to the objective of ensuring accountable management of natural resources. The third objective is to increase awareness of stakeholders, although the work plan does not clarify if this objective refers to awareness on EITI or on natural resource governance issues. The activities listed under this objective responds to the objective of increasing awareness, such as outreach activities and publication of information materials. The last objective, which is building stakeholder capacity to implement the EITI, is also complemented by relevant EITI activities such as workshops for government agencies, CSOs and industry to improve their capacity to implement EITI.

There is no timetable for the activities although milestones are identified. The work plan is also not costed, and there is no mention of sources of funding and technical assistance. The work plan has not been widely circulated nor has it been uploaded on the website. The International Secretariat understands there have been no efforts undertaken by the SIEINSG to consult wider stakeholders on the work plan. The SIEI EITI Secretariat drafts the work plan and circulates to NSG members, who then comment on specific activities and their costings. The SIEI EITI Secretariat undertakes the development of the work plan's objectives, based on an assessment of government policies and priorities in the extractive industries and reflection on the results of past EITI Reports.

As confirmed by the national secretariat, only three activities from the current work plan have been fully implemented, five are ongoing, and twelve activities have not been conducted due to lack of funding. The three activities are the submission of inputs to MMERE on the National Mineral Policy, the execution of contracts of the national secretariat staff, and engagement of an external auditor to audit the previous grant. The pending activities relate to capacity building activities, some actions on recommendations and report dissemination. Activities that are currently ongoing relate to preparations for the next EITI Report and appointment of industry members to the SIENSG.

The 2015 work plan had the same objectives as the 2016 work plan. However, in contrast to the 2016 work plan, the 2015 work plan contains measurable activities and actions to achieve the five priorities, and specific timelines for implementation as well as cost estimates. It also includes capacity building activities and plans to undertake a capacity building needs assessment for civil society. It also includes lines on the scope of EITI reporting, including work to potentially expand the coverage to include forestry and fisheries sector. Implementation of the 2015 work plan was broadly on track. At the end of the year, only seven out of 22 activities were outstanding.

With regards to funding for the 2015 work plan, a briefing provided by SIEITI notes that "The SIEITI work plan and budget was originally funded by the Multi Donor Trust Fund (MDTF) with funding from the Work Bank. The original work plan and budget for the last 3 year-period (2013-2015) was supposed to cost US\$522,700 with MDTF funding US\$397,750.00 and SI Government US\$124,950.00. The former Minister of Finance & Treasury, Honourable Rick Hou signed the grant agreement of only US\$350,000 in March

2014 and funds were received in the SI-EITI ANZ Account in October 2014. The Multi Donor Trust Fund (MDTF) closed at the end of December 2015. The Minister of Finance recently decided that it will not request for a new grant from the EGPS, and that the government will provide funding for operational costs and the production of the next EITI Report.

In terms of earlier work plans, the June 2014 - June 2015 work plan, roughly ten of the 25 activities planned for completion by June 2015 were not completed and were rolled over into the 2015 work plan. The SIEINSG January-June 2014 work plan appears to have been fully implemented, aside from the reconstitution of the NSG, which was rolled over into the next work plan. Prior to that, the SIEINSG was implementing the work plan that was included with the candidature application in June 2012. However, the 2013 annual activity report notes that "The MSG made a work plan for 2013 but activities were not implemented due to the delay of funds and associated resource constraint. As a result, most activities were delayed until 2014 to coincide with the commencement of funding and this caused work plan timeframes to be compressed into 2014" (p.1).

Frequent updates to work plans indicate that SIEITI make use of these as a tool for managing implementation. The 2016 work plan has not been widely disseminated nor uploaded on the website

Stakeholder views

Industry confirmed that they provided limited input in drafting the 2016 objectives and the work plan, although they confirmed that the work plan was discussed during NSG meetings. One company representative said that they were not able to adequately provide inputs to the work plan and the objectives because they concentrated more on their own activities. They explained that typically the secretariat drafted the work plan and the proposed objectives, then the MSG discussed and approved during these during an NSG meeting.

A government representative said that they participated in preparing the work plan, but were not very involved in its implementation. They also participated in formulating the objectives and provided substantial inputs upon consultation with other SIEINSG members. Another government representative said that the work plan was developed by the secretariat for approval of SIEINSG. He said that the objectives were based on the identified gaps in the EITI Report. In his opinion, the work plan is linked to national priorities and cited that one result of the national conference they conducted in October 2015 was that the Ministry of Mines included EITI in their policies.

The CSOs explained that they agreed to certain activities in the work plan. They recognized that the role of the civil society in the work plan process might need reviewing, including exploring how civil society can better undertake advocacy work. Civil society lamented that although the work plan was approved, the funds were delayed.

For the 2015 work plan, most stakeholders consulted said they were involved in the elaboration of the work plan, based on the SIEITI Secretariat's draft. In commenting on work plan drafts, SIEINSG members were mostly focusing on activities and budgets. The national secretariat confirmed that these inputs made sure that the work plan was realistic, but wished for SIEINSG members to be more involved in identifying the priorities for the EITI. None of the SIEINSG members consulted recalled a discussion of the objectives for implementation for the 2015 work plan. Civil society representatives said that it was the government who set the objective of the EITI given that it was the government that was implementing the EITI Standard.

The Secretariat regularly consults the work plan and uses it to track progress. Minutes from SIEINSG

meetings confirm that a stocktake against the work plan takes place at almost every SIEINSG meeting (MSG meeting minutes). However, it is clear that the SIEITI Secretariat has limited support from the SIEINSG in implementing the work plan. Rather, it seems that the SIEINSG members' main contribution to the implementation of the EITI happens during the SIEINSG meetings.

In the past, the SIEITI Secretariat has sought out donor funding for the work plan and considered expanding the scope of EITI reporting to areas not required under the EITI Standard, such as forestry and fisheries. These areas were discussed during outreach visits to the provinces, although it is unclear whether provincial discussions were used as input to the elaboration of the work plan. The national secretariat mentioned during pilot validation that they would also like to see more SIEINSG involvement in outreach to donors. There appears to have been no recent discussion on extending the scope of EITI reporting, nor has there been much outreach to donors.

Initial Assessment

The 2016 work plan lacks details required by the Standard such as timetable for implementation of activities, costing, funding, sources of funds and technical assistance, and activities related to the scope of EITI reporting. There is also no evidence that the work plan has been widely circulated. It was only recently, on 1 July 2016, that the SIEINSG approved the draft work plan. Moreover, there is little evidence that the objectives are focused on national priorities for the extractive sector. In the absence of a time table for each activity, it is difficult to assess which activities are behind schedule although a stocktake with the national secretariat revealed that only three activities have been completely implemented so far. The International Secretariat's initial assessment is that the Solomon Islands has made inadequate progress in meeting this requirement.

Table 1 - Summary assessment table: MSG oversight

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Government oversight of the EITI process (#1.1)	In the initial stages of the EITI, there were several statements of support from the government. This support seems to have faded since the new government was appointed in late 2014. Several stakeholders expressed concern about the government's commitment to implementation.	Inadequate progress
Company engagement (#1.2)	Although company stakeholders are somewhat involved in implementation, mainly through attendance of SIEINSG meetings, no company has yet submitted data for the EITI reports. Engagement is too limited to conclude that stakeholders are fully and actively engaged in the design, implementation, monitoring, and evaluation of the EITI. It also appears that barriers to company participation still need to be addressed.	Inadequate progress

Civil society engagement (#1.3)	There is an enabling environment for CSO participation. However, although stakeholders are somewhat involved in implementation, mainly through attendance of SIEINSG meetings, engagement is too limited to conclude that stakeholders are fully and actively engaged in the design, implementation, monitoring, and evaluation of the EITI. There are significant capacity and funding constraints.	Meaningful progress
MSG governance and functioning (#1.4)	The SIEINSG includes relevant actors but membership has been unstable and there is a lack of clarity on stakeholder representation. There are also some discrepancies between the MoU and actual practice including concerns about the ability of stakeholders to carry out their EITI duties and the lack of delivery against responsibilities of MSG members as outlined in the MoU.	Meaningful progress
Work plan (#1.5)	The 2016 work plan lacks details required by the Standard such as timetable for implementation of activities, costing, funding, sources of funds and technical assistance, and activities related to the scope of EITI reporting. There is also no evidence that the work plan has been widely circulated. There is no evidence that the work plan objectives are linked to national priorities.	Inadequate progress
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. The government should reaffirm its commitment to the EITI, or consider withdrawing. 2. The government should put in place necessary measures to ensure that companies participate in the EITI process including in the work of the SIEINSG and in EITI reporting. 3. The SIEINSG should stabilise its membership, and ensure that SIEINSG members commit to deliver on their responsibilities. 4. SIEITI should undertake a needs assessment and implement a capacity building plan for SIEINSG members. 5. SIEITI should agree objectives for implementation that are linked to national priorities and ensure that these are reflected in the SIEITI work plan. The work plan should also be made widely available to the public. 		

Part II – EITI Disclosures

2. Award of contracts and licenses

2.1 Overview

This section provides details on the implementation of the EITI requirements related to the legal

framework for the extractive sector, licensing activities, contracts, beneficial ownership and state-participation.

Note that the assessment below refers to the 2014 EITI Report approved by the MSG in October 2015, and the updated 2014 Report approved by the MSG in November 2015.

2.2 Assessment

Legal framework (#2.1)

Documentation of progress

The 2014 EITI Report contains some description about various laws related to mining, tax and environment (p. 15). However, it does not elaborate on the amendments that were introduced to the mining law in 2014 or any reforms that are underway. It also lacks information on the role of government agencies. There is also no commentary on the level of fiscal devolution. There is a brief overview of the mining tax regime enumerating the payments collected from the sector (p. 17), and a brief explanation of some salient environmental provisions (p. 16).

The 2013 EITI Report contains a comprehensive overview of the legal framework, including an explanation of the Mining Act, the Environmental Act and tax legislation (2013 EITI Report, p.17-19). The main taxes that apply to mining activities are listed on p. 29. With regards to fiscal devolution and the role of provincial governments in the sector, the supplementary 2013 EITI Report explains which of the provinces have Resources Management Ordinances in place and which provinces are still in the process of developing these (p.16 and annex 3).

The 2013 EITI report also explains the role and responsibilities of two key government agencies, the Department of Mines and Energy, within the Ministry of Mines, Energy and Rural Electrification, and the Ministry of Environment, Climate Change, Disaster Management and Meteorology (p.17). There is no detailed description of the role of other government agencies such as Central Bank and MoFT beyond a description of the taxes that they collect from extractive activities.

There is commentary on legal reforms underway, including the development of a Mining Policy (2013 EITI Report, pp.17-19), tax legislation and provincial legislation (Supplementary 2013 EITI Report, p.16).

Stakeholder views

Some stakeholders noted that there were plans for including the EITI in the new National Minerals Policy and that the NSG has submitted inputs to it, including suggestions for making the EITI mandatory. CSOs also said that they will suggest provisions on how minerals are defined, but that they had not yet seen the draft policy. Government representatives also noted that there were gaps in the mining legislation that needed to be addressed.

Initial Assessment

The 2014 Report lacks details pertaining to fiscal devolution and regulatory framework. It only contains a very brief discussion of relevant laws without further elaborating on how the sector is regulated. The roles of government agencies are also omitted. More information can actually be found in the 2013 EITI Report, which contained a comprehensive overview of the legal framework and fiscal regime governing the extractive sector. The International Secretariat's initial assessment is that Solomon Islands has made inadequate progress in meeting the requirement.

License allocations (#2.2)

Documentation of progress

The 2014 EITI Report mentions that laws governing the licensing process for 2014 is the same as in previous years as specified in the Mines and Minerals Act (1996) and Regulations (1999). The process for awarding licenses is explained in Annex 4 of the updated 2014 EITI Report (p. 36). The updated report explains the three types of licenses for large-scale operators (pp. 15-16, 29-30) and identifies gaps in the licensing process based on the Independent Administrator's work and interviews with MMERE. Such gaps include poor administration as shown by the failure of the Director of Mines to sign the applications, and how the approval process is prone to political influence (p.30).

While there was initially no mention of license awards for the financial year covered by the EITI Report, the updated 2014 EITI Report explained that the only new license granted in 2014 was to Asia Pacific Investment Development Limited (APID) (Updated 2014 EITI Report, p. 33). No further information was given on this award, such as the technical and financial criteria used; information about the recipient(s) of the license, and any significant deviations from legal and regulatory framework governing license awards and transfers. The 2014 EITI Report also lacks information related to the allocation of licenses for companies covered by the report which were not awarded or transferred during the fiscal year 2014.

The 2013 EITI Report explains the process for awarding a prospecting license and a mining lease (p.36-38). The 2013 Report indicates that all rights to explore or produce are awarded on the basis of direct negotiations. The International Secretariat understands this procedure also applies to transfers. The 2013 EITI Report notes that there were licenses allocated in 2013, including pertaining to companies covered by the scope of the EITI Report, but does not summarise licensing activity during the year or disclose the required information for each license. The license register indicates that at least 20 licenses were valid as of 2013, which implies that they were likely either awarded, transferred or renewed in 2013 (Supplement 2013 EITI Report, p.53-55). In attempting to undertake a review of the license allocation process, the Independent Administrator states that (p.38-39):

“We selected a sample of 10 Prospecting Licences awarded during 2013 and we requested the following documents in order to assess the compliance of the procedures applied with the terms and conditions of the Mines and Minerals Act 1996 and the Mines and Minerals (Amendment) Regulation of 1999:...” “After the review of the documents received, we raised the following findings:

- some requested documents were not provided by MMERE;
- all agreements between landowners and minutes of the board meeting were not provided by MMERE for confidentiality reasons; and
- some application forms were not signed and dated by the Director of Mines as requested by MMA Section 20

As a result we were unable to verify if the issuance process is compliant to the MMA and MMR”

The Supplementary 2013 EITI Report also confirms that there are irregularities in the licensing process. The Independent Administrator notes that:

“Allocation of Licenses is done by the Minerals board as required by the Act. While the Act and Regulations are comprehensive and perfect, the application of the process is open to abuse” (p.7).

“Review of process and interviews with the Deputy Director and Inspection Officer revealed that there are gaps and weaknesses in the application process by the MMERE and they are:

- Approval of some applications bypass the Minerals Board;
- The current process for identifying companies applying for licenses is cumbersome and quality of information gathered for identification of individual applicants poor. The Board does not have any systematic and quality approach/method to identify genuine companies with the technical capacity and finance resources to operate a mining company.” (p.22)

The Supplementary 2013 EITI Report also highlights that “Political interference and influence over approval/granting of licenses. The Minerals Approval Process is open and as such is prone to influence by the government bypassing the Minerals Board as the body responsible for approval of licenses. The Director as the chairman of the board can be a victim of undue influence” (p.23). It should be noted that some of these observations, namely the failure of MMRE to provide documents due to confidentiality, the failure of the Director of Mines to sign applications, and the fact that the licensing process is prone to political influence were again identified in the 2014 EITI Report.

Stakeholder views

Government representatives noted that the license transfer process was the same as that for license applications. License applications were first considered by the technical staff MMERE, which assessed whether applications met the criteria and then provided a recommendation to the Mines and Mineral Board. The Board in turn provided recommendations to the Minister, who provided final approval. Government representatives noted that a license application that did not meet the license application criteria was systematically rejected before it reached the Mines and Mineral Board and that applicants were allowed to revise the application before submitting it again. It was noted that the recommendations of the Mines and Mineral Board were confidential and that the Board could request more information from applicants if they were uncertain of the applicant’s declared technical and financial capacity (an important element in decisions was the letter of financial support from the applicant’s legal owner). It was also noted that a maximum number of three tenements per group of affiliated companies (ascertained through a combination of company director names and letters of financial support from legal owners) existed. Government representatives confirmed that the Board as well as the Minister rejected applications. In such cases, the applicant would receive a letter explaining the reason for refusal. One government representative acknowledged that in the past there had been inconsistencies in the license allocation process: “Previously, the issuance of licenses was problematic and the way licenses were issued was not transparent. There were some shortcuts, and it was messy. Based on the lessons learnt, we are now developing a checklist to ensure that all criteria for issuing a license are met.”

The Independent Administrator (for the 2014 SIEITI Report) noted that there were deviations from the process in practice, with the awarding of mining licenses to companies by the Minister against the recommendations of the Mines and Mineral Board.

An industry representative stated that clarity in the licensing procedure could be one potential benefit from the EITI process. Stakeholders outside the SIEINSG shares this sentiment especially in the light of issues on conflicting ownership of land.

Civil society stated that the process of issuing the licenses is indeed important. It was noted that sometimes the minister overrides the recommendation of the minerals board and issues the license to whomever he wants. This practice also creates conflict with local communities if the license is issued to a community that has not been consulted. Civil society emphasised that rules and procedures need to be

followed, otherwise, there would be no point of the technical evaluations.

Initial Assessment

The Supplementary 2013 EITI Report includes a register from which it is possible to see that there were several license allocations in 2013. The 2014 Report does not contain similar information. Both reports lack a review of deviations from the applicable procedure per license award and fail to disclose the technical and financial criteria used to assess the applications [as the criteria is confidential](#), even though they include a useful overview of the license application process for each of the types of licenses. They also disclose some of the gaps in the licensing allocation process, which also illustrate why it was difficult for the Independent Administrator to obtain information on license award. The International Secretariat's initial assessment is that Solomon Islands has made no progress in meeting the requirement.

License registers (#2.3)

Documentation of progress

The updated 2014 EITI Report contains a general description on the types of licenses (pp. 15-16, 29-30) but does not provide the following information required by the EITI Standard: license holders, coordinates, date of application, date of award and duration of the license, and commodity being produced. An exploration/mining tenement map is provided as Annex 4 but the above details are not found.

The 2013 EITI report does provide a description of the various types of licenses that exist (p.18). The Supplementary 2013 EITI report explains that "a register of all approved license holders is kept at the MMERE. In 2013, 25 registered companies have been operating in Solomon Islands. According to the register, 13 were issued with Letters of Intent (LOI), 109 prospecting licenses and 3 companies issued with mining licenses. The register is updated after each Mineral Board meetings. An updated copy of the register can be seen in annex 8 of this report" (p.21). Annex 8 includes the name of the company holding the license(s), the area name of the license, the type of license and the duration of the license. It does not include coordinates of the license area or the date of application for the license.

Stakeholder views

Stakeholders expressed different views on the extent to which license details were publicly available. Government representatives noted that while licenses themselves were confidential by law and could not be disclosed to third parties without a waiver from each company, the tenement schedules (in both hard copy and excel spreadsheet format) were publicly available upon request to the MMERE, which has no website at present. It was mentioned that MMRE was in the process of creating a centralized database. Thus, the date of application, license coordinates and tenement maps are available to the public without fees.

The Independent Administrator (for the 2014 SIEITI Report) noted that tenements and their details were confidential.

The SIEITI Secretariat understood that the details of tenements were available, but that record keeping was disorganised and that MMERE staff usually only provided them in the case of new applications.

When asked why there was no information in the 2014 EITI Report regarding the licenses, MMERE replied that it could be due to lack of proper coordination, or perhaps the Independent Administrator did not ask for the information.

Initial Assessment

Most of the information required to be disclosed under this requirement has been disclosed in the 2013 Report, except for coordinates of the license area and the date of application for the license. The 2014 EITI Report contains considerably less information in that it does not provide a list of all existing licenses and their corresponding information. The International Secretariat's initial assessment is that the Solomon Islands has made inadequate progress in meeting the requirement.

Contract disclosures (#2.4)

Documentation of progress

The 2014 and 2013 EITI Reports contain no information on contract transparency.

The Supplementary 2013 EITI Report includes an explanation of the information that companies and MMERE hold related to mining activities. In order to obtain a prospecting license or mining lease, applicants need to negotiate an agreement with landowners to access the land. The report notes that "pursuant to section 44 of the Mines & Minerals Act (CAP 42), all mining companies are required to maintain records or activities, operations, financials and other records as specified by the Director at their registered offices including copies of SAA [Service Access Agreements]. Consultations with MMERE revealed that this requirement has been met by companies" (p.24). The Supplementary 2013 EITI Report also notes that copies of Service Access Contracts are held by MMERE, and that "it is a requirement under the Act that MMERE has a copy of contracts and these should be properly signed between landowners and companies, witnessed by an Officer of the MMERE. There seems to be a weakness in this area where some contracts are signed without the presence of an Officer" (p.7). "This issue indicated the weaknesses of the Ministry to ensure that companies comply with the process and procedures stipulated in the Act and Regulations" (p.24).

The EITI Report does not comment on whether information about contracts held by the MMERE is confidential, but does note that "all agreements between landowners and minutes of the board meeting were not provided by MMERE for confidentiality reasons" (p.39).

Stakeholder views

Government representatives noted that in accordance with the Mines and Mineral Act, Service Access Agreements were confidential and could only be obtained if the parties to the agreements consented. People may seek the right to access such agreements either from the MMRE or the company, alongside an explanation for why access to the agreement is needed. MMRE sometimes refers such requests to their lawyers. An acceptable purpose for the request could be if the agreement is needed for legal purposes. However, the Mining Agreements which set out the royalties and other payment rates as well as other obligations on the company, were accessible. According to MMRE, these agreements are not confidential. They are negotiated on a case by case basis, although MMRE is now considering creating a model agreement. A representative from MMRE stated that they plan to create a website where company contracts and other information will be disclosed. This was already part of the draft National Minerals Policy. One stakeholder outside the NSG and one industry representative stated that as far as they know, contracts can be accessed from the Ministry of Mines upon request.

Civil society representatives claim that they have no access to agreement between companies and landowners.

Initial Assessment

The TOR for validators state that “The validator is expected to document whether the government’s policy on contract disclosure has been disclosed. This should include relevant legal provisions, actual disclosure practice and any reforms underway” (p.13). While the Supplementary 2013 EITI Reports includes commentary on contracts and other information pertaining to the license, information about disclosure and confidentiality of these documents, both in theory and practice, is not disclosed, nor is there any information about reforms underway related to contract transparency. The International Secretariat’s initial assessment is that the Solomon Islands has made no progress in meeting this requirement.

Beneficial ownership disclosure (#2.5)

Documentation of progress

There is no mention of beneficial ownership in any of the EITI reports, nor is there any evidence that beneficial ownership disclosure has been discussed by the SIEINSG. The national secretariat confirmed that this has never been discussed during SIEINSG meetings although the SIEINSG is aware of the need for a roadmap by the end of the year.

Stakeholder views

The Central Bank expressed that beneficial ownership is very important in the Solomon Islands, and that there has been some discussion on this within government in relation to money laundering.

According to a representative from MMRE, under the Mining Act, companies are required to disclose their ultimate owners when applying for a prospecting license. Similar information is also filed with the Companies House whenever a company wants to register in the Solomon Islands. However, this information did not include details about the ultimate beneficial owners.

CSOs confirmed that the SIEINSG have not had any discussion about beneficial ownership and that have not started discussing a roadmap.

Initial Assessment

Implementing countries are not yet required to address beneficial ownership and progress with this requirement does not yet have any implications for a country’s EITI status. The SIEINSG has not pursued work on beneficial ownership to date, it is required to produce a beneficial ownership roadmap by January 2017.

State-participation (#2.6)

Documentation of progress

The updated 2014 EITI Report states that the Independent Administrator did not come across any other type of revenue streams collected by government entities such as the sale of the state’s share of production, in-kind payments, Infrastructure provisions and barter arrangements (p. 20). It further states that during the period of reconciliation, neither the state nor the Provincial Governments or SOEs in which the state is a shareholder invests in any mining companies or activities (p. 28). The same applies to the 2013 EITI Report.

Stakeholder views

Government representatives consulted confirmed that Solomon Islands did not have any SOEs active in the extractive industries.

Initial Assessment

Given that the 2014 and 2013 EITI Reports confirm that state-participation in the extractive sector does not exist in the Solomon Islands, the International Secretariat's assessment is the requirement 2.6 is not applicable.

Assessment of timeliness, comprehensiveness and reliability of the information disclosed (#2)

- **Timeliness:** The 2014 Report was approved by the SIEINSG in October 2015. The updated 2014 Report was approved in November 2015. As far as the lone license mentioned in the Report which was issued in 2014 is concerned, the data provided is timely albeit incomplete. The 2013 EITI Report was released in June 2014, only six months after the end of the financial year. However, the Supplementary 2013 EITI Report, aimed at filling in gaps in the 2013 EITI Report was only published a year later, in June 2015. Nevertheless, the data provided such as e.g. the copy of the license register is up to date.
- **Comprehensiveness:** The 2014 EITI Report does not include comprehensive information on license registers, the legal framework and contract transparency. Most information is included in the 2013 Report such as key laws and regulations related to the management of the extractive sector, and additional information about license holders, although some further work is needed to ensure that license coordinates and dates of application are available. There is also a need to provide further details on license allocation and the government's policy and practice on contract transparency.
- **Reliability:** Although the reliability of the contextual information does not appear to have been discussed by the SIEINSG, the International Secretariat is not aware of any concerns raised by stakeholders regarding the reliability of the information.

Table 2 - Summary assessment table: Award of contracts and licenses

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Legal framework (#2.1)	Limited discussion of relevant laws. No discussion of roles of regulatory agencies, and level of fiscal devolution.	Inadequate progress
License allocations (#2.2)	Several licenses were allocated in 2013 and one license was granted in 2014. The report does not disclose the details of each license award as required by the EITI Standard, but highlights significant gaps in the licensing procedures.	No progress
License registers (#2.3)	There is no license holder information in the 2014 EITI Report and no information on coordinates, area and dates of application. A license register	Inadequate progress

	has been disclosed in the 2013 Report, but information about coordinates of the license area and date of application for the license is missing for all licenses.	
Contract disclosures (#2.4)	There is no information about the government's policy and actual practice related to contract disclosure in the 2014 EITI Report, nor any comments on reforms underway.	No progress
Beneficial ownership disclosure (#2.5)	There is no evidence that the SIEINSG has discussed this topic.	
State-participation (#2.6)	Both the 2014 and 2013 EITI Reports confirm that this requirement is not applicable in the Solomon Islands.	Not applicable
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. SIEITI is encouraged to participate in the discussions about the development of the Mining Policy and other legal reforms, by providing inputs on transparency aspects. 2. The government should establish a disclosure mechanism showing the technical and financial criteria used to evaluate each application and disclosing any deviations from the applicable legal and regulatory framework governing license awards. A license allocation audit could be considered. 3. The government should make sure that information about the coordinates of the license area and the date of the license application are disclosed as part of the license register. 4. SIEITI should clarify the government's policy, actual practice and reforms related to contract transparency. SIEITI is encouraged to work towards disclosure of agreements related to the mining license. 5. SIEITI should discuss and consider beneficial ownership disclosure. 		

3. Monitoring and production

3.1 Overview

This section provides details on the implementation of the EITI requirements related to exploration, production and exports.

3.2 Assessment

The overview of the extractive sector, including exploration activities (#3.1)

Documentation of progress

The updated 2014 EITI Report contains a brief overview of the extractive sector, noting the number of operating and prospecting companies, and the status of cases involving these companies which would impact on the sector as a whole (pp.11-12). Sites of potential mineral deposits are also mentioned (p. 12). Exploration activities are mentioned only in reference to the status of Axiom Mining's exploration license which was then under litigation (p. 12).

The 2013 EITI Report contains a description of the mining sector including major exploration activities (p. 15-16).

Stakeholder views

Industry representatives noted that there had been significant business interest and exploration activity up until a year ago when most investors left the country. The business environment was simply seen by many

to be too difficult to operate in.

Industry also mentioned that there is uncertainty as to the resumption of their mining activities because although they intend to re-apply for a license over the Isabela project, they have not received any instruction from government on how and when the tendering process will proceed.

Other stakeholders commented that the mining sector was not regarded as a priority for the government, however with the decline of other sectors such as logging it would eventually become important for economic growth.

Initial Assessment

The International Secretariat's initial assessment is that the Solomon Islands has made satisfactory progress in meeting this requirement.

Production data (#3.2)

Documentation of progress

The updated 2014 Report discloses gold production for 2012, 2013 and 2014, but no production value. (p. 13). Silver production volume are disclosed for 2012 and 2013, but not for 2014 due to the closure of GRML (p. 13). The value of silver production is not provided. None of the reports disclose volumes or value of Bauxite production, although the International Secretariat understands that bauxite production commenced in 2014.

The 2013 and 2014 EITI Reports disclose the average mineral price for gold and silver in order to enable a calculation of production value (Updated 2014 EITI Report, p.13; 2013 EITI Report, p. 16).

Given that Solomon Islands had only two producing mines in 2014, the data provided is de facto disaggregated by region.

Stakeholder views

One government representative noted that it was difficult to ascertain how much gold was actually produced and at what grade, as government officials were typically not allowed to be present when the gold was weighed etc. Production figures were reported to the MMRE.

A representative from the Central Bank explained they have data for alluvial gold exports but cannot confirm if these have been included in the report. He said that while there is no domestic consumption of commercial gold, there is domestic consumption of alluvial gold.

The Independent Administrator confirmed that the data for gold in the 2014 EITI Report only includes commercial gold based on data from the Statistics office, and not alluvial gold. He noted that the production volumes and values are not equal to export volume and values although the difference should be minimal. He further stated that there was production and exportation of bauxite in 2014 and 2015.

Civil society noted that some people spread rumours about gold production, so therefore having reliable production data was considered important. They mentioned the need to understand the accuracy of what is reported to be exported on paper versus what is actually exported. One civil society representative questioned whether they should trust the data declared by the companies and/or the customs or the central bank. It was thought that the companies sometimes declare less because they do not want to pay taxes.

Initial Assessment

Requirement 3.2 stipulates that implementing countries must disclose production values and volumes by commodity. There is no production value provided for gold, silver or bauxite, and no production volumes for bauxite even if exports started in late 2014. The International Secretariat's initial assessment is that Solomon Islands has made meaningful progress in meeting this requirement.

Export data (#3.3)

Documentation of progress

The 2014 EITI Report provides information on export value for gold but not export volume. According to the report, GRML ceased exporting gold in 2014. (p. 29). The report also lacks disclosure of export volume and value for silver, although it explains that export data for silver was not disclosed due to the closure of GRML operations (p. 13). However, an aggregate value for mineral exports is provided on page 14.

The Supplementary 2013 EITI Report disclosed export values for gold and silver, but no export volumes (p.6 and 12). Although the International Secretariat understands that the total production is exported, this is not confirmed in the EITI Report.

It is worth noting that the Supplementary 2013 EITI Report also highlights the following gap regarding exports: "There is ongoing and perpetuated culture of absence of MMERE Officers from checking and verification of exported minerals as required under the Act and Regulations. Most exports were done without the presence of an Officer to do physical verification of exported minerals" (p.23).

Given that Solomon Islands had only two exporting mines in 2014, the data provided is de facto disaggregated by region.

Stakeholder views

Government representatives consulted noted that they received information on the volume of exports from Customs.

The Central Bank explained that until 2014, gold accounted for most mineral exports and constituted around 95% of mineral exports. Other exported minerals include silver but this was not deemed substantial for 2014 and 2015. Some alluvial gold was also exported which could be roughly estimated to reach SBD 1-3 million per year.

MMRE explained that APID had been exporting bauxite from Rennel Island directly to China since the last quarter of 2014. A total of six shipments had taken place in the period October 2014-July 2016, with each shipment carrying an average of 56 000 metric tons of bauxite.

Initial Assessment

Requirement 3.3) stipulates that implementing countries must disclose export values and volumes by commodity. Given the lack of export volumes and lack of reporting on Bauxite exports in 2014, the International Secretariat's initial assessment is that the Solomon Islands has made inadequate progress in meeting this requirement.

Assessment of timeliness, comprehensiveness and reliability of the information disclosed (#2)

- **Timeliness:** The 2014 Report was released in October 2015, a year after the fiscal year covered. The information regarding the overview of the extractive sector, exploration activities, export and production are timely albeit incomplete. The 2013 EITI Report was released in June 2014, only six months after the end of the financial year. However, the Supplementary 2013 EITI Report, aimed at filling in gaps in the 2013 EITI Report was only published a year later, in June 2015. Nevertheless, the data provided is up to date.
- **Comprehensiveness:** The information disclosed in the 2014 Report is incomprehensive as it does not include data on export volume for gold and bauxite. The 2013 Report is comprehensive, apart from the missing figures on export volumes.
- **Reliability:** The information provided in the 2014 and 2013 EITI Reports is backed up with data from other sources available on government websites, such as the CBSI annual reports¹¹.

Table 3 - Summary assessment table: Monitoring and production

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Overview of the extractive sector, including exploration activities (#3.1)	The 2014 EITI Report contains a comprehensive overview of extractive sector activities and exploration potential.	Satisfactory progress
Production data (#3.2)	The 2014 EITI Report has information on production volume for gold and silver but no production values. Bauxite production volumes and values are also missing.	Meaningful progress
Export data (#3.3)	Export values are disclosed by commodity, but export volumes are not included. No data is provided on bauxite exports.	Inadequate Progress
International Secretariat's recommendations:		
1. SIEITI should ensure that production value and export volumes are disclosed by commodity.		

4. Revenue collection

4.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue transparency, including the comprehensiveness, quality and level of detail disclosed. It also considers compliance with the EITI Requirements related to procedures for producing EITI Reports.

¹¹ <http://www.cbsi.com.sb/index.php?id=105>

4.2 Assessment

Comprehensive disclosure of taxes and revenues (#4.1)

Documentation of progress

2014 EITI Report

Materiality definition and revenue streams

The inception report prepared for the purpose of the 2014 EITI Report states that the materiality threshold is SBD 1 million (USD 145k) (2014 inception report, p.4). This specific threshold is not mentioned in the 2014 EITI Report although the report makes reference to a materiality threshold in several instances. For example, the report states that “all specific payments relating to the mining sector as identified in the Mines and Minerals Act have been included in the scope of reconciliation irrespective of the materiality threshold” (p.18). It also states that “all payments identified in the primary legislative instruments which have a bearing on the mining sector have been included in the scope of reconciliation irrespective of the materiality threshold” (p.19). The rationale for setting the threshold at this level and the options considered by the MSG are not explained in the 2014 EITI Report. Both Axiom and SMM Solomon Ltd meet the materiality threshold, but it is unclear if there were any other of the 27 prospecting companies that were also above the threshold.

Based on the inception report, the SIEINSG approved the materiality threshold for the 2014 EITI Report at its meeting on 13 July 2015. There is no evidence of discussion of the revenue streams, although the MSG endorsed the inception report (MSG meeting minutes, 13 July 2015, p. 5) which recommends the inclusion of 31 revenue streams (2014 Inception report, p. 4).

The 2014 EITI Report includes a list of 31 revenue streams, identifying the agencies that collect these payments (p. 18-21). However, this list does not contain a description of the revenue streams. The legal overview contains a description of only six revenue streams (income tax, goods tax, sales tax, royalties, import duties, export duties (p. 17)). Similarly, the inception report identified the same 31 revenue streams contained in the 2014 EITI Report (p.4; p.14-15). However, the table of disclosed revenue streams only lists 27 revenue streams (p.25). The reporting template used for collecting revenue data also lists only 27 streams. The Independent Administrator explained that the omitted streams pertain to social payments and in-kind payments made by companies. A review of the inception report supports this. Furthermore, only eight of these 27 streams have information on payments to government such as royalties, gold dealers’ license, PAYE, withholding tax, export duties, NPF contributions, taxes and fees to provincial government, other taxes and fees. It is not clear whether those streams without information are not applicable to the companies in the scope of the report, or whether they have been left blank because no payments were made. The Independent Administrator explained that the blank items mean that no data was provided by the agencies. No revenue streams listed in Requirement 4.1.b seem to have been excluded. The 2014 EITI Report states that all revenue streams under the Mines and Minerals Act are included in the report (2014 EITI Report, p. 18)

Reporting entities

The 2014 EITI Report explains that the SIEINSG agreed that two companies should be included in the scope of reconciliation, namely Axiom Mining Limited and SSM Solomon Limited. According to the report, this decision was based on currently active mining companies, their size, threshold and willingness of the

companies' management to participate in the exercise (p. 6). There is no further explanation in the report on how these factors were assessed. However, the inception report explains that Axiom and SSM Solomon were identified as material companies because they meet the materiality threshold of SBD 1 million. Another 34 companies with payments below the threshold were not asked to participate but the inception report recommended that their figures be disclosed unilaterally by the government (p. 15). Five companies were excluded from the list given that their activities are mainly in sand and gravel.

The two companies that were included in the scope of the report both failed to submit their reporting templates. The 2014 EITI Report does not provide any explanation for their non-participation, although at the MSG meeting conducted on 1 October 2015, Axiom Mining explained that it could not provide financial data due to its case before the SI High Court. Without elaborating why, Axiom said that any disclosure would have an impact on the outcome of such case (MSG meeting minutes, 1 October 2015, p. 3). Revenues from the two material companies were unilaterally disclosed by the government.

Payments from companies outside of the scope of the report were unilaterally disclosed by government by revenue stream but not by company (p. 28). Annex 3 lists 29 companies that pay taxes below the materiality threshold. It is not clear, however, whether the government's unilateral disclosure on page 28 of the EITI Report covers payments made by all of these companies listed in Annex 3.

The 2014 EITI Report lists seven government agencies and eight provincial governments included in the scope of the report. These agencies were identified based on the payment flows illustrated in the report (p. 22-23). The Independent Administrator explained in the updated 2014 EITI Report that of the eight provincial governments only four provinces have active mining activities, therefore the Independent Administrator decided that "it is relevant to visit only 4 Provinces namely: Guadalcanal, Isabel, Western and Choiseul to complete templates" (p. 32). It is not clear whether this means that these provinces actually submitted data. For the other government agencies, the report explains that six out of the seven agencies participated. Only the Ministry of Commerce, Industries, Labour and Immigration did not participate (p. 32). The report does not address the comprehensiveness of the disclosures from the agencies and provincial governments that participated. The report states how much was collected for each revenue stream. Some revenue streams have no corresponding figures and it is not clear whether this means that payments were not made or simply that the agency did not disclose the data. As for provincial governments, the figure provided is not disaggregated according to province, so it is also difficult to determine whether all provinces that submitted templates fully disclosed the information requested. In the absence of this information it is not possible to ascertain whether full government disclosure is provided.

Independent Administrator assessment of comprehensiveness

The Independent Administrator did not include a statement on the comprehensiveness of the data. It is clear that the non-participation of the two companies renders the data incomplete. In fact, no reconciliation process was performed. The Independent Administrator noted this several times in the report.

2013 EITI Report

Materiality definition

The 2013 EITI Report includes a materiality threshold of SBD 1 m. According to estimates provided by the Independent Administrator, this would cover 97.97% of total government revenues from the sector (p.6). The materiality threshold applies to any company making payments collectively exceeding SBD 1 m against the agreed revenue streams.

The 2013 EITI Report lists and describes the 26 revenue streams that were included in the reconciliation scope, including noting the legal basis for each revenue stream (p.21-23). No thresholds were applied to the selection of revenue streams. Rather, all revenue streams were considered material regardless of their relative contribution to extractive industry revenue. The Independent Administrator confirms that all specific payments related to the mining sector identified in the Mines and Minerals Act, and all payments identified in the primary legislative instruments which have a bearing on the mining sector, have been included in the scope of reconciliation irrespective of the materiality threshold (2013 EITI Report, p.21). In addition, it is noted that companies were asked to unilaterally declare any “other taxes and fees” paid beyond the 26 revenue streams (2013 EITI Report, p.21). The revenue streams were selected and approved by the SIEINSG on 16 May 2014.

In terms of the actual revenues disclosed, 19 revenue streams recorded payments in 2013 (p.8). Revenue streams where no payments or revenues were recorded include: mining license fees, reconnaissance license fees, alluvial license fees, special site license fees, road access license fees, additional profit tax, property taxes.

The report does not appear to exclude any revenues listed in 4.1.b. The 2013 EITI Report notes that “the Mines and Minerals Act does not foresee any payments relating to production entitlement and signature, discovery or production bonuses” (p.21).

Reporting entities

In agreeing the scope of the 2013 EITI Report, the SIEINSG identified six companies – St Barbara, Pacific Porphyry, SMM Solomon Limited, Nautilus Minerals, Solomon Sheet Steel and S.I. Cement Products - to have made payments above the threshold and were included in the scope of the reconciliation. In addition, two companies - Bluewater Metals and Axiom – were considered as companies having comparatively large activities despite their payments being immaterial. Consequently, these two companies were included in the reconciliation scope (p.24). 33 mining companies and 26 exporters were identified to have paid taxes below the materiality threshold (p.52).

The 2013 EITI Report explains that on 5 June 2014, the MSG decided to exclude St Barbara and Pacific Porphyry from the reconciliation because (p.6):

- Due to the national disaster flooding events of 3 April 2014¹², St Barbara indicated that they have not yet been able to access local records to complete the templates and are unable to participate to the EITI reporting process at this time. St Barbara returned to Solomon Islands during June 2014.
- Pacific Porphyry closed their operations in 2013 and had no staff in Solomon Islands at the time of the reconciliation exercise.

The SIEINSG agreed that the government would provide unilateral disclosures for these two companies and that St Barbara would submit a template upon return which would be reconciled with government figures in a supplement report (2013 EITI Report, p.6). However, this template was never submitted.

Of the remaining six companies, two companies – SMM Solomon limited and Axiom Mining Ltd – failed to submit templates for the 2013 EITI Report. The SIEINSG therefore decided to proceed with the supplementary report, seeking to obtain data from the four companies - St Barbara Mining Ltd (GRML), Pacific Porphyry (SI) Ltd, SMM Solomon Ltd, and Axiom Mining Ltd - that had not submitted templates by the deadline of the 2013 EITI Report (28 June 2014). Despite considerable outreach and efforts, the

¹² <http://www.bbc.com/news/world-asia-26880142>

SIEINSG was not successful in obtaining any further data from these companies. The Supplementary 2013 EITI Report notes the following reasons:

- There were no new data submitted by St Barbara Mining Ltd (GRML) since it has declared the closure of its operations in Solomon Islands.
- Pacific Phophyry (SI) Ltd prospecting license was not renewed in 2012. The company left Solomon Islands in 2012.
- SMM Solomon Ltd has been busy with its continuous commitment to communities in its mine sites. This contributed to its lacking of instant support and time to commit resources to compile data and information for the SIEITI Secretariat. In addition, a letter from SMM Solomon Ltd states that the company is only prospecting and that it will consider engaging in the EITI when it starts mining¹³.
- Axiom Mining Ltd explained that as a result of their engagement in a long-running litigation with SMM Solomon Ltd from 2011 to 2014, most of their time and resources have been spent on this court case. However, they pledged their support for the SIEITI and commitment to participate in the 2014 Reconciliation process¹⁴.

The government disclosed the revenues received from these four non-reporting companies.

Regarding the two companies that refused to participate, government declarations show that SMM Solomon Ltd contributed 5.3 % of total mining revenue, and Axiom Mining Ltd 1.7 % in 2013 (2013 EITI Report, p.32). The declarations show that both companies made payments above the materiality threshold. With regards to St Barbara Mining Ltd (GRML) and Pacific Phophyry (SI) Ltd, government declarations show that St Barbara Mining Ltd (GRML) contributed 67.6% of total mining revenue, and Pacific Phophyry (SI) Ltd 6.3% in 2013 (2013 EITI Report, p.32). Thus, while the government appears to have disclosed all revenues received, the coverage of the reconciliation represents only 18.2 % of total mining revenue.

The 2013 EITI report notes a discrepancy of 29.2%. 95% of this discrepancy was due to reporting templates not submitted by extractive companies (p.7). The remaining 5% discrepancy was due to discrepancies in templates submitted (p.7). Of the reporting companies, Solomon Sheet Steel Ltd seems to have omitted reporting on prospecting license fee, withholding tax, goods tax and provincial tax (p.57), Nautilus omitted provincial tax (p.54), S.I. Cement Products Ltd omitted goods tax (p.58).

The SIEINSG initially identified 16 government agencies for inclusion in the 2013 EITI Report (p.26). MoFT was subsequently removed from the list as it is only delegated to collect taxes on behalf of MMERE and MCIE. The latter two would declare payments received from taxpayers (p.6). The 2013 EITI Report notes that these agencies were selected based on the proposed list of companies and payment streams, and a flowchart indicating which government agency collects the various revenue streams is included in the report (p.26).

The Independent Administrator confirms that while all central government agencies submitted their templates, only one provincial government – Guadalcanal – reported (p.6). Given that company reporting, including disclosure of payments to provincial governments was not comprehensive, it is not possible to ascertain from the 2013 EITI Report how much revenue provincial governments receive and the materiality

¹³ The letter from SMM Solomon Ltd is attached in annex 4 of the Supplementary 2013 EITI Report.

¹⁴ A letter from Axiom Mining Ltd is attached in annex 4 of the Supplementary 2013 EITI Report.

of these omissions. The Independent Administrator notes:

“The scoping study did not include payments to Provincial Governments. We note that there are nine provincial governments (Ministry of Provincial Government and Institutional Strengthening website) which are empowered (by the Provincial Government Act 1997) to pass ordinances at their level. One of the taxes charged at provincial level is the Business Licence Fee, which was not reported on the tax template. We were unable to meet representatives of the Ministry of Provincial Government and Institutional Strengthening in order to assess the materiality of this revenue stream” (2013 EITI Report, p.41).

The Supplementary 2013 EITI Report did not include any new data from provincial governments.

The 2013 EITI Report disclosed revenues received from companies that were not included in the scope of the reconciliation, i.e. companies that did not meet the materiality threshold (p.34). However, the report does not confirm if this includes revenues from all the companies listed in annex 2 of the 2013 EITI Report (p.52).

As noted above, 5% of the discrepancies in the 2013 EITI Report were due to discrepancies in templates submitted (p.7). Of the reporting government agencies, it appears that MCIE has not recorded receipt of a resident permit fee paid by Solomon Sheet Steel Ltd, and a registration fee paid by S.I. Cement Products Ltd (p.57-58). Both these payments are immaterial.

Independent Administrator assessment of comprehensiveness

The Independent Administrator does not include an explicit assessment of the comprehensiveness of the 2013 EITI Report. The 2012 EITI Report states that: “Because the procedures carried out were not designed to constitute an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.” (p.5). However, some commentary by the Independent Administrator in the recommendation section alludes to questions around the comprehensiveness of the 2013 EITI Report:

“In accordance with the ToRs there are 35 companies registered in the mining sector. We are informed that the taxes collected from the 34 prospecting companies amounted to 0.01% of the total revenue collected in the mining sector... We have requested the underlying figures from the Solomon Islands Inland Revenue as well as Customs and Excise Division and the Ministry of Mines Energy and Rural Electrification in order to ascertain that the amount of revenue collected by the government from these 34 prospecting companies are actually immaterial (0.01%). However, the figures received show that the sole production company (GRML) contributes only 72.73% of mining revenue” (p.40).

“The Ministry of Mines Energy and Rural Electrification provided a list of licences granted to companies in 2012 and 2013. We note that, with regard to one reporting company (Axiom), the licence presented in the scoping study related to 2014 but the Ministry of Mines subsequently informed us that this Reporting Company should be excluded from the scope. However, following discussions held with the company officials, we are informed that Axiom did pay taxes previously and they are in possession of others licences. As a result, we have reinstated Axiom as part of the reporting entities within our scope” (p.40).

“The scoping study did not include payments to Provincial Governments. We note that there are nine provincial governments (Ministry of Provincial Government and Institutional Strengthening website) which are empowered (by the Provincial Government Act 1997) to pass ordinances at their level. One of the taxes charged at provincial level is the Business Licence Fee, which was not reported on the tax template. We were unable to meet representatives of the Ministry of Provincial Government” (p.41).

It is worth noting that the Supplementary 2013 EITI Report also highlights the following gap regarding revenue collection: “MMERE lacks a systemic approach and mechanism to do monitoring and checking of outstanding tenement fee payments from companies” (p.23).

Stakeholder views

Government representatives noted that all material revenue streams had been disclosed, although withholding tax included six distinct taxes including import tax. They noted that it had been challenging to report on sale tax and corporate income tax as mining companies were often engaged in non-mining activities. Given that corporate income tax was not disaggregated by activity, the declarations did not necessarily reflect the true picture of income tax from mining.

Civil society did not understand why industry was not reporting. They explained that in one of the meetings, they had asked industry to justify why they did not provide the data. Industry representatives had explained that it was because of the court case and that they were not allowed to provide the information. However, the problem was not only on the industry side as there were challenges with data systems and record keeping also in government.

Other stakeholders also lamented the lack of industry reporting, noting the many phone calls and letters to encourage the companies report. Some lamented that the government had pitched the EITI as voluntary and had not really tried to put any pressure on the companies to report. Some stakeholders also thought that it would have been easier to obtain the data if it was the government that asked for it, or if the request had been complemented by a letter from the Minister, rather than simply being a request from the SIEITI secretariat or the Independent Administrator.

The Independent Administrator commented that industry kept promising to report, but nothing was happening in practice. They also noted that there had been several challenges in obtaining the data from government. Many government agencies had been reluctant to provide the data and in the end they had resorted to facilitation payments to obtain the necessary information. He said that government agencies had often referred them to another agency to get the data. The Independent Administrator also noted that some companies used several names. Gold Ridge for example was registered with nine different names. When asked about facilitation payments, the government representatives said they had no knowledge of it. The Independent Administrator also explained that, in fact, the government officials did not fill in the reporting templates. Rather the Independent Administrator had to sit with them to obtain the data. The Independent Administrator also noted that there was no way of knowing whether the government agencies had provided complete data on all revenues received.

While some newer government members of the SIEINSG complained of not having been consulted in determining the materiality threshold for companies included in reconciliation, older members noted they had been consulted but that a thorough check of the companies selected had not been conducted. Some frustration was noted around the need to chase companies that had not operated during the fiscal year under review.

The industry representatives who were interviewed said they did not take part in the discussion of materiality threshold and revenue streams for the 2014 EITI Report although their other colleagues might have been. The Independent Administrator stated that the threshold was adopted by the SIEINSG to be consistent with the previous report. They further stated that the SIEINSG relied on their recommendation on which revenue streams to include and which companies, noting that they could not recall any substantial discussions during SIEINSG meetings about these issues.

The CSO representatives stated that some of the SIEINSG members are not able to understand what should be in the report and identify what is missing. They recalled that the Independent Administrator gave a presentation to the SIEINSG twice, and that drafts of the report were sent to them for comments. They also expressed that given the challenges encountered in getting the right figures, they think there is still room for improvement in terms of the quality of the report. The timeframes given to produce the report was also considered too short and this affected the quality of the report.

Commenting on the gaps in the information, the CSO representatives remarked that they need to make people aware of the requirements that the country has signed up to in deciding to implement the EITI.

Initial Assessment

The SIEINSG has agreed a list of material revenue streams and materiality thresholds, and based on this a list of companies and government entities for inclusion in the 2014 EITI Report. All revenue streams appear to be included. The 2014 Report did not include disclosures from the two companies that were deemed material by the MSG. Although the government has disclosed revenues received from these two companies, the data is not disaggregated by revenue stream. Six out of seven central government agencies participated, and four out of eight provinces completed the templates. While the report includes disclosures from these government agencies, it does not explain whether these disclosures were comprehensive.

For the 2013 EITI Report, although the reasons for non-reporting by St Barbara Mining Ltd (GRML) and Pacific Porphyry (SI) Ltd appear justified, non-reporting by Axiom Mining Ltd and SMM Solomons Ltd seems less reasonable and these companies refused to participate in both the 2013 EITI Report as well as in the Supplementary 2013 EITI Report. While the government has disclosed the revenues from these companies, and the payments by Axiom Mining Ltd can be considered immaterial (1.7% of total mining revenue), SMM Solomons Ltd contributed more than 5 % of total mining revenue. In addition, the Independent Administrator raises questions about the comprehensiveness of the report, including the materiality of payments to provincial governments.

The International Secretariat's initial assessment is that the Solomon Islands has made inadequate progress in meeting this requirement.

In-kind revenues (#4.2)

Documentation of progress

Both the 2014 and 2013 EITI Reports note that: "During our analysis of the extractive sector in the Solomon Islands we did not come across any other type of revenue streams collected by government entities such as the sale of the state's share of production, in-kind payments, Infrastructure provisions and barter arrangements" (2014 EITI Report, p.20; 2013 EITI Report, p. 23).

Stakeholder views

Stakeholders did not express any particular views on this issue.

Initial Assessment

The 2014 and 2013 EITI Reports confirm that in-kind revenues are not applicable in the Solomon Islands. The International Secretariat's initial assessment is that this requirement is not applicable.

Infrastructure provisions and barter arrangements (#4.3)

Documentation of progress

The 2014 and 2013 EITI Reports note that: "during our analysis of the extractive sector in the Solomon Islands we did not come across any other type of revenue streams collected by government entities such as the sale of the state's share of production, in-kind payments, Infrastructure provisions and barter arrangements" (p.20, 2014 EITI Report and p. 23, 2013 EITI Report).

Stakeholder views

Stakeholders did not express any particular views on this issue.

Initial Assessment

Given that the 2014 and 2013 EITI Reports confirm that infrastructure provisions and barter arrangements are not relevant in the Solomon Islands, the International Secretariat's initial assessment is that this requirement is not applicable.

Transportation revenues (#4.4)

Documentation of progress

There is no mention in the 2013 and 2014 EITI reports of any transportation payments, although "road access fee" is included in the list of revenue streams in the reporting templates for both 2013 and 2014 EITI reports (2013 EITI Report, p.21; 2014 EITI Report, p. 18). The EITI reports do not specify whether this is a fee related to transportation of minerals. According to the payments and revenues disclosed, no company or government entity seems to have paid or received "road access fees" in 2014 and 2013.

Stakeholder views

Government representatives noted that the road access license fee was akin to a road construction building permit fee for companies whose tenement was not linked to the existing road network. In these cases, the road subsequently developed had to be open to public use.

Initial Assessment

The EITI Standard states that "Where revenues from the transportation of oil, gas and minerals are material, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received". The use of the term 'expected' in the EITI Standard indicates that the multi-stakeholder group should consider the issue, and document their discussions, rationale for disclosure/non-disclosure and any barriers to disclosure. Based on the information available, the International Secretariat's initial assessment is that this requirement is not applicable.

Transactions between SOEs and government entities (#4.5)

Documentation of progress

Both the Supplementary 2013 EITI Report and the 2014 EITI Report note that “During the period of reconciliation, neither the state nor the Provincial Governments nor SOE in which the state is a shareholder invests in any mining companies or activities” (2014 EITI Report, p.20; 2013 EITI Report, p.28).

Stakeholder views

Stakeholder confirmed that there are no SOEs in Solomon Islands.

Initial Assessment

Given that the EITI Report confirms that state-participation in the extractive sector does not exist in the Solomon Islands, the International Secretariat’s initial assessment is that this requirement is not applicable.

Subnational direct payments (#4.6)

Documentation of progress

Taxes and fees paid to provincial governments are listed among the revenue streams included in the scope of the 2014 EITI Report with the corresponding amount disclosed by provincial government entities (p. 25). The data is not disaggregated among the four provinces that were asked to participate. There is no discussion on the materiality threshold of subnational payments. Reconciliation was also not performed due to lack of company data.

The 2014 inception report confirms the existence of such payments, noting that extractive companies may pay taxes, fees and other payments made to provincial government as per provincial government ordinances (p.14). The Independent Administrator also notes in the inception report that “we had a meeting with the ministry of provincial government and institutional strengthening (MPGIS) about the ordinances and revenue collections relating to fees paid to provincial governments. However, some of the provinces have not factored revenue on mining and related fees in their budgets” (p.19). Four provincial governments were determined by the Independent Administrator as hosts of active mining operations, namely Choiseul, Guadalcanal, Isabel and Western. It is unclear however whether all these four provinces disclosed information.

The 2013 EITI Report notes that the following streams should be reported related to direct subnational payments: “Taxes, Fees and other payments made to Provincial Government as per Provincial government act” (p.23). Although there were initial discussion within the SIEINSG that payments to provincial governments should only be reported by the companies in this first report, the 2013 EITI inception report, confirming the scope of the report, and the 2013 EITI Report indicate that nine provincial governments were asked to report (p.23).

Only one provincial government – Guadalcanal – reported having received revenue amounting to SBD 1,350,000 (p.6). The Independent Administrator noted in the 2013 EITI inception report that “the Ministry of Provincial Government and Institutional Strengthening is not in a position to provide us with any information on the revenues streams collected by the different Provincial Governments from the mining companies unless it receives formal request from the Prime Minister’s Office. As a result we were unable to analyse the importance and materiality of payments made to these government entities. It is worth noting that mining companies confirmed that they made payments to several Provincial Governments such as

Business Fees” (p.5). This is reaffirmed by the Independent Administrator in the final 2013 EITI Report.

The Supplementary 2013 EITI Report confirms that some provincial governments do have ordinances in place enabling them to levy extractive industry taxes. Of the nine provinces included in the 2013 EITI Report, Guadalcanal, Choiseul, Isabel, Central Islands and Temotu either have existing resource ordinances or business license ordinances (Supplementary 2013 EITI Report, p.36). In addition, Rennell Bellona is working on developing a resource ordinance. Other SIEITI documents also indicate that companies make direct payments to provincial governments. In the SIEINSG meeting on 27 June 2014, the SMM Solomons Ltd representative argued that the provincial governments should be included in the next report and that whoever who will collect the data will need to travel to provinces to obtain those data. SMM Solomons Ltd reported is paying a lot of fees to Province Government like Isabel and Choiseul Provinces so these need to be reported (27 June 2014 SIEINSG meeting minutes).

This issue was also raised during SIEITI’s outreach work to the provinces. A conversation with the Provincial Treasurer in Rennell Islands revealed that:

“The treasury officer raised a concern on the weak enforcement of the fees on the company. He said that the province is planning to consult relevant stakeholders like the Solomon Islands Office of the Auditor, the Attorney General Office and police to help them. He raised a concern on politicians collecting the business licence fees ahead of him from the companies. He confirm that company paid the business licence fees to the politicians. And when he followed the payment, the company refused to pay telling him that senior member of executive had collect them already. This is the contributing reason for his office to not have proper record of the payments.” (Rennell islands awareness report, p.3).

This challenge was reaffirmed by the Rennell/Bellona Province Deputy Permanent Secretary who stated that:

“Currently, four mining companies are operating in Rennell Islands. It is sad to say that none of these companies are genuine mining companies. None of these companies paid their taxes or fees in full amount until to date. They did not pay taxes that we are asked” (Rennell islands awareness report, p.2).

Consultations with the mining companies in the province also confirm that they pay taxes to both the national and the provincial government (Rennell islands awareness report, p.2).

Stakeholder views

A government representative explained that it is the Provincial Assemblies that enact ordinances setting out the license fees that the mining companies have to pay in order to operate in the province. The fee varies from province to province but was estimated to amount to SBD 600 000 per license. Provincial governments have authority to issue reminders if a company does not pay the fee and eventually also suspend the license.

Stakeholders acknowledge the challenges with including subnational governments in reporting. For example, at the SIEINSG meeting on 5 June 2014, a government representative explained that provincial governments do not have adequate record keeping systems and little previous involvement with EITI. This was explained to the EITI Independent Administrator but they did not take this on board and essentially demanded for provincial governments to be reconciled (4 June 2014 SIEINSG meeting minutes).

Stakeholders also confirm that the intention was to ask for subnational payments to be reported only by

companies as discussed during the SIEINSG meeting in February 2014, but that this decision was reversed based on conversations with the Independent Administrator who advised that the data should be reconciled. However, government representatives noted that faced with non-reporting by companies, the Independent Administrator was forced to accept unilateral disclosure of such payments by provincial governments.

Initial Assessment

It has been confirmed that extractive companies do make direct payments to provinces in the Solomon Islands. Apart from in one province, Guadalcanal, the materiality of these payments has not been established and the omission of disclosure in the 2013 EITI Report can therefore not be ascertained. The 2014 EITI Report also does not clarify the materiality of direct subnational payments. SIEITI has started outreach and work to improve these disclosures in future reports including by visiting and collecting information from provincial government offices. The International Secretariat's initial assessment is that the Solomon Islands has made meaningful progress in meeting this requirement.

Level of disaggregation (#4.7)

Documentation of Progress

The 2014 EITI Report contains disclosures from each government agency disaggregated by company but it does not show how much each company paid per revenue stream. It has government disclosures for each revenue stream. There is no data from companies due to the failure of Axiom Mining Limited and SSM Solomon Limited to participate.

The 2013 EITI report provides disaggregated figures by individual company, government entity and revenue stream (p 34; pp 53-58).

Stakeholder views

The industry representatives who were interviewed said they did not take part in the discussion of disaggregation although their other colleagues may have been.

Government representatives noted the disclosure restrictions various government reporting entities faced given confidentiality provisions in the law. The MMERE was only able to disclose license fees in an aggregate rather than on a per-company basis. Likewise, the IRD was only able to disclose an aggregate figure for tax revenues. For the 2012/13 EITI Reports, the Minister of Finance used executive privilege to sign a release for the IRD to disclose tax information disaggregated by company, following the recommendations of the 2014 legal review contracted by the SIEITI Secretariat. A new legal officer recruited by the Ministry of Finance in 2014 however noted that the Minister of Finance did not hold powers to disclose such disaggregated information, aside from cases where disclosures to the High Court or police were warranted during criminal investigations. While it was possible for the IRD to release such disaggregated tax information based on companies' signing of tax confidentiality waiver letters, no company had done so. Although there had been no reaction from industry to the disclosures in the 2012/13 EITI Report, there was concern over potential legal ramifications and such disaggregated unilateral disclosures were not provided in the 2014 SIEITI Report. The IRD had not approached companies directly over this issue, with all communications conducted by the SIEITI Secretariat. An amendment to the Tax Law in 2014 now required IRD to forward the information they wish to disclose for EITI purposes to the Prime Minister's Office for approval. However, neither the IRD nor the Prime Minister's Office had authority to issue the data to a third party, i.e. the Independent Administrator, without companies' consent.

Initial Assessment

The report is not disaggregated to the levels required by the EITI Standard. The International Secretariat's initial assessment is that the Solomon Islands has made inadequate progress in meeting this requirement.

Data timeliness (#4.8)

Documentation of Progress

The 2014 Report was released in October 2015. The 2013 EITI Report was released in June 2014, only six months after the end of the financial year. The Supplementary 2013 EITI Report, aimed at filling in gaps in the 2013 EITI Report, was published a year later in June 2015. Nevertheless, this satisfies the EITI's requirements.

Stakeholder views

The industry representatives consider that the date provided in the 2014 EITI Report is timely. Civil society commented that the timeframes for producing the EITI reports were tight and sometimes compromised data quality.

Initial Assessment

The data provided in the 2014 and 2013 EITI Reports are timely. The International Secretariat's initial assessment is that the Solomon Islands has made satisfactory progress in meeting this requirement.

Data quality (#4.9)

Documentation of progress

1. Appointment of the Independent Administrator

At the MSG meeting conducted on 6 June 2015, the MSG approved the engagement of George Kosui Consulting Services to act as Independent Administrator for the 2014 EITI Report. According to the national secretariat, the procurement process consisted of publishing an advertisement in May 2015. Expressions of Interest were received from six companies in June. A selection committee was created within the SIEISNG which chose George Kosui on the basis of his experience. After this, the entire SIEISNG endorsed his engagement. His contract was signed in June 2015.

With respect to the 2012 and 2013 EITI Reports, the SIEISNG agreed to invite Moore Stephens to submit a technical and financial proposal to undertake Independent Administrator services. This followed an evaluation undertaken by an evaluation panel comprising SIEISNG members of the five expressions of interests received. Moore Stephens had been evaluated as the most qualified candidate. The contract with Moore Stephens was signed in April 2014.

2. Terms of Reference for the Independent Administrator

The below section includes an assessment of compliance with the various provisions contained in the Standard Terms of Reference for Independent Administrators.

(i) Use of the Standard Terms of Reference for Independent Administrators

The ToRs for the Independent Administrator for the 2014 EITI Report was endorsed by the MSG on 6 June 2015 (MSG meeting minutes, 4 June 2015, p.6). The ToR is generally consistent with the Standard ToR

agreed by the EITI Board except that it does not provide in detail the scope of the contextual information that should be included in the EITI Report as required by the EITI Standard, such as details on contribution of the extractives to the economy, production and export data, overview of the extractives sector, legal and regulatory framework, license allocations, license registers, contracts, beneficial ownership, revenue distribution, social expenditures and quasi-fiscal expenditures.

The TORs for the Independent Administrator for the 2012 and 2013 EITI Reports were first discussed by the SIEINSG at its meeting on 12 February 2014 and endorsed at the SIEINSG meeting on 21 February 2014.¹⁵ The TORs are consistent with the Standard TOR agreed by the EITI Board.

(ii) Agreement on reporting templates

With regards to reporting templates for the 2014 EITI Report, the minutes of MSG meetings do not include any discussion on the drafting of the reporting templates except for one comment from an industry representative that the revised reporting templates are easier to use than the previous ones (MSG meeting minutes, 11 July 2015, p. 4) The inception report, however, notes that some companies and provincial governments found it difficult to complete the reporting templates, and that the templates lacked necessary information for the reconciliation exercise such as the tax identification number and the type of licences. The national secretariat confirmed that the 2014 reporting template was based on the 2013 template which the SIEINSG agreed to adopt again without revisions. This template was never discussed by the SIEINSG. However, the template was approved by the SIEINSG when the inception report was approved on 11 July 2015 because the template was attached to the inception report.

The Independent Administrator recommended in the Inception Report that the reporting templates should be simplified to make it easier for those completing the form and that detailed schedules should be sent with the templates together with instructions for completing the template. It further recommended that SIEITI should arrange for a workshop where all stakeholders are invited in order to explain the contents of the templates provide to reporting entities as well as the instructions for completing the template.

The MSG discussed and agreed the reporting templates for the 2012 and 2013 EITI Report prior to hiring the Independent Administrator, and these templates were included in the TOR for the Independent Administrator (TOR, annex 1). At the kick off meeting with the SIEINSG on 5 May 2014, the Independent Administrator voiced concerns about the reporting templates prepared by the MSG, noting that some taxes were not listed in the templates and other taxes were listed twice. The Independent Administrator outlined what alternative templates could look like and the SIEINSG decided to task the Independent Administrator with refining the templates before these would be distributed to the reporting entities on 16 May 2014. The final reporting templates and guidelines for filling in reporting templates were provided to the SIEINSG electronically on 16 May and approved the same day.

(iii) Data assurances and assessment of data reliability

The 2014 EITI Report includes a very brief description of the legal requirements to audit the accounts of the government of Solomon Islands (p.11). A description of quality assurance process is provided. i.e. that all government templates must be signed by a senior official and all figures reported should be detailed payment by payment and date by date in the supporting schedule (p.10). The report does not state how

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<http://eiti.org/files/28022014%20Terms%20of%20Reference%20Solomon%20Islands%20Independent%20Administrator%20-%20FINAL.pdf>

many agencies complied. The report also mentions that the Public Finance and Audit Act requires the preparation of SIG financial statements on a cash basis and that the preparation of the annual accounts be in accordance with the IPSAS accounting standards. The IA confirmed that this requirement is observed by MOFT (p. 10).

With regards to company data, the 2014 inception report states that the Independent Administrator is to ensure that mining companies' financial statements for 2014 have been audited under International Auditing Standards and that the transactions reported in the template are in accordance with instructions issued by SIEITI, are complete and are in agreement with the accounts for the years 2014 (p.18).

The 2014 EITI Report, on the other hand, outlines the following procedures for data assurance:

1. All companies templates must be signed by a Senior Official;
2. All figures reported in the template declaration should be detailed payment by payment and date by date in the supporting schedules;
3. Private companies are required to provide their audited financial statements for 2014, and
4. Companies are required to obtain confirmation from an external auditor that their 2014 financial statements have been audited under International Auditing Standards and that the transactions reported in the template are in accordance with instructions issued by SIEITI, are complete and are in agreement with the accounts for the year 2014.

However, the 2014 EITI Report contains no commentary on auditing requirements for companies, nor any broader summary of prevailing audit and assurance practices, relevant laws and regulations and reforms underway. There is no confirmation that the financial statements of companies have been audited according to international auditing standards and whether these are publicly available. Since the two companies did not disclose information, there is no company data to assess.

For the 2013 EITI Report, the Independent Administrator undertook a review of the audit and assurance practices in government agencies and companies to be included in the EITI Report as part of the inception work. The findings are summarised in the 2013 EITI Report. For companies, the report notes that "private companies are required to appoint an auditor to audit their financial statements if requested by the companies' rules. In addition during our working meetings held with different companies, we were informed that their previous financial statements have been audited by an external auditor" (p.13). With regards to government entities, the report notes that (p.13):

"The Public Finance and Audit Act requires the preparation of the SIG financial statements on a cash basis. Section 38 of this Act stipulates that within a period of six months after the end of each financial year, the Permanent Secretary shall prepare the financial statements and transmit them to the Auditor General. The existing legislation provides limited detail in terms of the adoption of an appropriate financial reporting framework. However, the Chapter 2 of the Interim Financial Instructions 2014 requires that the preparation and presentation of the annual accounts must be in accordance with the IPSAS accounting standards. The MoFT has started developing the framework and supporting arrangements to allow for moving towards the IPSAS Cash Standard, and being able to meet other international reporting obligations in the future. The SIG annual accounts should be audited by the Auditor General who is mandated by the Solomon Islands Constitution and the Public Finance and Audit Act 1978. Section 39 stipulates that the Auditor-General shall cause the annual accounts to be examined and audited and shall, within a period of

twelve months after the end of the financial year to which the accounts relate, certify in respect of each account the result of the examination and audit.”

On this basis, the SIEISNG agreed with the Independent Administrator’s recommendations that companies and government entities provide the following assurances with their reporting templates:

- Companies were asked to obtain a confirmation from their external auditor that their accounts have been audited to international standards, and that the data in the reporting template represent a fair and true summary of the payments made (2013 EITI Report, p.7). In addition, all companies were asked to have their templates signed by a senior officer (2013 EITI Report, p.13).
- All government entities were asked to have the reporting templates certified by the Auditor General (2013 EITI Report, p.7). Government entities were also asked to have their templates signed by a senior official (2013 EITI Report, p.13).

With regards to compliance with this procedure, the 2013 EITI report confirms that two companies – Bluewater and Solomon Sheet Steel - submitted reporting templates signed by a senior official. The other two companies that reported – Nautilus Minerals Solomon Islands and S.I. Cement Products Ltd - did not have their templates attested, but the MSG decided to accept the templates nevertheless (2013 EITI Report, p.7). None of the reporting companies provided a confirmation from their external auditor as requested by the Independent Administrator (2013 EITI Report, p.7).

Regarding compliance by the government entities, the 2013 EITI Report states that the Auditor General informed the Independent Administrator that it would not be possible to certify the templates as requested by the Independent Administrator due to lack of human resources and the short timeline provided (2013 EITI Report, p.7). The 2013 EITI Report does not confirm whether government entities had their reporting templates attested by a senior official.

The 2013 EITI Report does not provide any information on whether any companies and government entities had their financial statements audited in 2013. However, the Supplementary 2013 EITI Report notes that “consultations with the Ministry of Provincial Government Institutional Strengthening (MPGIS) confirmed that all the Provincial Government Accounts were audited by the OAG in accordance to the Public Finance & Audit Act and Provincial Government Ordinances. All Provinces accounts were updated and audited up to 2013 fiscal year end” (Supplementary 2013 EITI Report, p.8 and annex 2). It also notes that “For audited accounts, we have not sighted any audit reports from companies including the royalty payments by GRML” (p.22).

The Independent Administrator does not provide an explicit statement on the reliability of the data in the report apart from noting that not all companies and government agencies provided the assurances that were deemed necessary to verify the veracity of the data.

(iv) Agreement on provisions for safeguarding confidential information

The minutes of the MSG meetings and the ToR for the 2014 EITI Report do not mention anything about safeguarding confidential information. The reporting template, however, which is attached in the inception report contains a statement that all information contained in the template shall be treated on a confidential basis and that it shall be used only by government and the Independent Administrator for EITI reporting purposes. It further states that other than the information included in the EITI Report, disclosure to third parties can only be made with the written consent of the disclosing party.

(v) Data sources and electronic files

Contextual information for both 2014 and 2013 EITI Reports is sourced. Summary data was submitted for the 2013 EITI report, but not for the 2014 EITI Report.

Stakeholder views

Government representatives explained that there was a significant delay (3-4 years) in auditing government accounts. It was proposed that an alternative to the agreed upon quality assurance procedures would be for the Auditor General to provide comments on the draft SIEITI Report. However it was noted that discussion of the quality assurance procedures had not taken place within the SIEINSG. It was also noted that it had also been challenging for industry to comply with the assurances requested for the EITI Report.

One civil society representative said that the development of the TOR for the report was very important because it establishes what should be in the report. Another civil society representative explained that although she was happy that the report was published on time, it had been rushed and she could therefore not say that the report was a true and accurate reflection of what is going on in the country.

Civil society also said that the Independent Administrator for the 2013 Report had huge difficulties. It was considered a bit easier for the local consultant who produced the supplementary 2013 EITI report and the 2014 EITI report because of his local knowledge, connections and long-term presence on the ground. The government representative also expressed similar views, noting that the report prepared by the local consultant had also been less rushed and more adapted to local timeframes.

The Independent Administrator for the Supplementary 2013 EITI Report and the 2014 EITI Report stated that he did not have confidence that the data provided to him was reliable. This was particularly the case given significant delays (of several years) in the Auditor General's completion of statutory assessments of government agencies. He also noted that government records have several names for one company which affect accuracy of data. Gold Ridge's financial records, for instance, are recorded across six different names in the MOFT which made it difficult to aggregate the data and ascertain that all payments were covered.

The Independent Administrator also expressed concern about the low level of capacity of the SIEINSG to understand the technical aspect of the report, which makes them incapable also of providing substantial comments. Consequently, the SIEINSG adopted all his recommendations without much scrutiny.

On the data gathering process, the Independent Administrator stated that had to go to each reporting entity there and sit with them to examine the data. He commented that they did not prioritize providing information because they did not see it as part of their work. He said that if the agency withheld any data from him, he would have no way of verifying because supporting documents were not provided. Because of this, he has concerns with quality and consistency of data. He did not receive any reporting templates that were sign off by a senior official, nor did he see any supporting documentation verifying the veracity of the data.

Government representatives explained that reporting templates were sent to agencies for them to complete. IRD hosted a workshop for staff across reporting entities and the Independent Administrator gave feedback. Government officials also confirmed that the 2014 reporting template is the same as the 2013 template.

All government stakeholders were of the view that the report is quite good although there are missing information that they will address in future reports. In particular, there was a need to address inconsistent information and consider what data should be added.

Axiom mining and the Central Bank confirmed that they provided inputs on information that should be included in the reporting template.

In relation to the 2013 Report, the SIEITI noted that it had attempted to prepare summary data templates according to the templates provided by the International Secretariat but that challenges in interpreting GFS classifications were encountered. As per the ToR, the Secretariat planned to require the 2014 Independent Administrator to prepare the summary data template but none has been submitted to the International Secretariat.

Initial Assessment

The TOR for the 2014 EITI Report approved by the SIEINSG is generally consistent with the standard TOR for the Independent Administrators issued by the EITI Board. Although the minutes of the SIEINSG meetings do not contain any discussion on the reporting templates, the templates were approved by the SIEINSG prior to data collection. Although the report outlines assurance procedures for government data and company data, these procedures do not appear to have been followed. In addition, the Independent Administrator expressed concern over the data collection process and the lack of ability to verify the veracity of the data. In view of the gaps mentioned above, the International Secretariat's initial assessment is that the Solomon Islands has made inadequate progress in meeting this requirement.

Assessment of timeliness, comprehensiveness and reliability of the information disclosed (#2)

- **Timeliness:** The 2014 EITI Report was released in October 2015 which is within the two-year period required by the EITI Standard. 2013 EITI Report was released in June 2014, only six months after the end of the financial year. However, the Supplementary 2013 EITI Report, aimed at filling in gaps in the 2013 EITI Report was only published a year later, in June 2015.
- **Comprehensiveness:** The 2014 EITI Report does not specifically define materiality although it states that all revenue streams are included. It also lists agencies and companies included in the scope. As in the 2013 EITI Report, however, there is a lack of comprehensive reporting by the companies and provincial government entities included in the scope of the report
- **Reliability:** For the 2014 EITI Report, the Independent Administrator expressed concern over the reliability of government data. For companies, however, there is no data to assess given the failure of the two companies to disclose information. For the 2013 EITI Report, although the agreed upon procedure for EITI reports has been largely followed, neither companies nor government agencies complied with the assurances provided to enable a reliable and credible reporting process.

Table 4 - Summary assessment table: Revenue collection

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Comprehensive disclosure of taxes and other payments (#4.1)	Although all material revenue streams appear to have been included in the scope of the 2014 EITI Report, two material companies and one government agency failed to report. In	Inadequate progress

	addition, the Independent Administrator expressed concern about the comprehensiveness of the report.	
In-kind revenues (#4.2)	The 2014 and 2013 EITI reports confirm that in-kind revenues are not applicable.	Not applicable
Barter and infrastructure transactions (#4.3)	The 2014 and 2013 EITI reports confirm that barter and infrastructure arrangements are not applicable.	Not applicable
Transport revenues (#4.4)	The 2014 and 2013 EITI reports include a reference to a “road access fee” but it appears that this not a material source of revenue.	Not applicable
Transactions between SOEs and government (#4.5)	The 2014 and 2013 EITI Reports confirm that transactions between SOEs and government are not applicable.	Not applicable
Subnational direct payments (#4.6)	It has been confirmed that extractive companies do make direct payments to provinces in the Solomon Islands. The materiality of these payments has not been established although an aggregate figure for the four provinces is provided in the 2014 EITI Report. Given that SIEITI has started outreach and work to improve these disclosures in future reports including by visiting and collecting information from provincial government offices, the requirement is considered unmet with meaningful progress.	Meaningful progress
Level of disaggregation (#4.7)	The 2014 EITI Report contains disclosures from each government agency disaggregated by company but it does not show how much each company paid for each revenue stream. It has government disclosures for each revenue stream. Company figures are not provided in the 2014 EITI Report.	Inadequate progress
Data timeliness (#4.8)	Both the 2014 and 2013 Reports contain up to date data covering not more than two years prior to the publication of the report.	Satisfactory progress
Data quality (4.9)	The standard TOR for Independent Administrators has largely been followed, and the SIEINSG has agreed reporting templates for the 2014 Report. However, the agreed procedures for data assurance were not followed and the Independent Administrator expressed concern about the quality of	Inadequate progress

	the data.	
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. SIEITI should ensure that all companies deemed to have made material payments disclose these payments in the next EITI Report. 2. SIEITI should undertake work to establish the materiality of direct payments to provincial governments. Where material, SIEITI should ensure that these payments are disclosed in the next EITI Report. 3. SIEITI should make sure that future reporting exercises set an adequate timeframe for reporting entities to understand and provide the necessary data, and for the Independent Administrator to complete his work. 4. SIEITI should review the assessment of prevailing auditing and assurance practices among companies and government entities, and together with the Independent Administrator agree on assurances that both enable a credible reporting process and do not create an unrealistic burden for the companies and government entities participating in the reporting process. 		

5. Revenue management and distribution

5.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue management and distribution.

5.2 Assessment

Distribution of revenues (#5.1)

Documentation of progress

Pursuant to the Agreement between Gold Ridge and the government, royalties from Gold Ridge are partially allocated to landowners (80%) and partially to the provincial government (20%). Apart from this arrangement, neither the 2013 EITI Report, nor the Supplementary 2013 EITI Report confirms how the remaining revenue from the extractive sector are recorded in the national budget. The updated 2014 EITI Report explains that only revenues mandated under the Mining Act and other laws are recorded in the national budget. Thus, revenues not covered by these laws such as social payments, NPF and payments to provincial governments are not recorded in the national budget (p. 33).

There are no references to national revenue classification systems or international data standards in the EITI Report or in MSWG meeting minutes.

Stakeholder views

Government representatives confirmed that all revenues from mining companies become part of the budget if they are paid to the central government. It was also confirmed that any license fees paid to provinces would be retained for the provincial budgets.

The CBSI representative seemed to refer to the fact that all royalty arrangements were subject to a revenue sharing formula whereby the 3 % royalty would be split by 1 % to the provincial government, 1 % to the central government and 1 % to the landowner group. However, this was not confirmed by other stakeholders and there is no mentioning of such a revenue sharing scheme in the EITI report.

All stakeholders expressed concern regarding the disclosure of royalties from Gold Ridge to landowners. The Independent Administrator explained that he had uncovered that the transfers to landowners was not in accordance with the formula, and in some cases the payments were also not made to the right landowners. Rather, the Independent Administrator noted that some of the recipients of the largest

transfers of 2014 royalties were people connected to the 2014 election campaigns. Several landowners had complained that they did not receive their share. It was noted that there should be more due diligence exercised by the Ministry of Mines and MoFT in approving payments and issuing royalty transfers. CSOs said that they presented this information to landowners in order to get them to act on the findings.

One government representative noted that the government was currently discussing whether in the future all mining revenues should be recorded on a separate account.

Initial Assessment

The 2014 EITI Report barely explained the process of revenue distribution aside from a general statement that revenues under mining laws and other laws are recorded in the national budget. In the same vein, the 2013 EITI Report only partially explains how revenues, i.e. royalties from Gold Ridge, are allocated. There is no commentary on the remaining revenue streams. The International Secretariat's initial assessment is that the Solomon Islands has made meaningful progress in meeting this requirement.

Sub-national transfers (#5.2)

Documentation of progress

The 2014 and 2013 EITI Reports note that "According to the Agreement [GRML Regulations 2011] signed between the Government and the Solomon Islands' sole operational mine (Gold Ridge), the Government shall establish funds to receive payments of royalties for the benefit of the Gold Ridge landowners (80%) and the Provincial Government (20%). It is not clear whether this transfer should take place on an annual basis. As a result the reporting template included a separate section to be filled in by CBSI for the transfers made to the landowners and the Provincial Government" (p.24).

The 2014 EITI Report lists the deposits made to and payments made from the GRML Special Trust Account with the Central Bank. It also indicates the outstanding balance (p. 29). However, the report does not indicate who the payments from the account are made to, i.e. whether to landowners or the provincial government or both.

There is no discussion on the MSG's definition of materiality regarding mandatory subnational transfers. There is also no reconciliation.

The 2013 EITI Report contains actual disclosures of revenues transferred by the central bank (p.35) in 2013. As agreed by the SIEINSG, the disclosures are unilateral by the central bank and the recipients were not asked to report. The 2013 EITI Report contains no calculation of whether the transfers correspond to the formula, but applying the formula to the figures disclosed clearly indicates a discrepancy. This discrepancy is not explained in the report.

The Supplementary 2013 EITI Report investigated this issue in further detail, including providing the calculation of whether what ought to be transferred in accordance with the revenue sharing formula was actually transferred in practice. It notes that "According to data and information obtained from CBSI, total royalty payments remitted by GRML to the end of 2013 fiscal year were SBD 26,556,043. Of this, landowners are entitled to receive 80 % or [the] equivalence of SBD 21,556,035, and Guadalcanal Province 20 % or SBD 5,389,0098. However, to date, landowners only received payment totalling SBD 2,557,336 with SBD 18,998,698 recorded as outstanding and the Province still to be paid their 20 percent share" (Supplementary 2013 EITI Report, p.22). There is no explanation of the outstanding payment and discrepancy. The calculation in the Supplementary report is based on the total amount of royalties accruing

to the Gold Ridge Landowners Special Trust Account since 2011, rather than 2013 figures only. Detailed disclosures of transactions related to the account are disclosed on pp.30-31 and 51-52.

Stakeholder views

One government representative from CBSI noted that there were specific royalty arrangements with GRML. The CBSI acted as custodian for a specific royalty account managed by the Treasury but could not confirm whether the frequency of transfers to landowners and provincial governments was on an ad hoc basis or regulated in a systematic manner. Data from the supplementary 2013 EITI Report¹⁶ indicated a lack of pre-determined frequencies to such transfers.

Another government representative commented that when Gold Ridge was operating, the money was paid to the MoFT. The MoFT then applied a formula to determine the distribution of the royalty. It was acknowledged that there had been some misappropriation of payments and that some payments were made to wrong people. The representative suggested that there should be better oversight of the distribution, for example through the establishment of a special committee.

A representative from the provincial government explained that they did not verify whether the 80/20 formula was actually followed. Rather, they relied on the calculations of the Central Bank and MOFT. Although the disbursement was supposed to be annual there was sometimes delays for political reasons. Sometimes the royalty was paid late, or only the following year.

Initial Assessment

In accordance with requirement 5.2, the 2014 EITI Report discloses the revenue sharing formula for both government and landowners, and the actual payments deposited to and payments made out of the special trust account where these transfers are deposited. It does not disaggregate, however, between payments made to landowners and to the provincial government. The 2013 EITI Report contains more disaggregated information in that it states the discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between CBSI, the Gold Ridge landowners and the provincial government.. The International Secretariat's initial assessment is that the Solomon Islands has made inadequate progress in meeting this requirement.

Information on revenue management and expenditures (#5.3)

Documentation of progress

The 2014 and 2013 EITI Reports do not contain any information related to earmarked extractive revenue, budget and audit processes or revenue projections, apart from the royalty transfer to Gold Ridge landowners which can be considered extractive revenues earmarked for specific programmes or geographic regions in accordance with requirement 5.3

Stakeholder views

Some stakeholders expressed a desire for the EITI to look more at how revenues are spent.

Initial Assessment

The MSG does not appear to have held any substantive discussions about including information related to revenue management and expenditures in EITI Reporting. Disclosure of such information is encouraged

¹⁶ Supplementary 2013 EITI Report, p.51.

and not required, and is thus not taken into account in the overall assessment of compliance with the EITI Standard.

Assessment of timeliness, comprehensiveness and reliability of the information disclosed (#2)

- **Timeliness:** The 2014 Report was released in October 2015 which is within the two year period required by the EITI Standard. The 2013 EITI Report was released in June 2014, only six months after the end of the financial year. However, the Supplementary 2013 EITI Report, aimed at filling in gaps in the 2013 EITI Report was only published a year later, in June 2015.
- **Comprehensiveness:** The 2014 EITI Report has some information on subnational transfers but lacks an overview of discrepancies between the calculated transfer and the actual transfer. For the 2013 EITI Report, SIEITI has reported on transfers of royalties, although the discrepancy remains unexplained. It is unclear whether SIEITI has comprehensively disclosed how revenues are allocated. There is no mention in the 2014 EITI Report on revenues earmarked for specific programmes or regions aside from a brief discussion on the agreement between the government and GRML.
- **Reliability:** The data related to royalty transfers are backed up by receipts and detailed schedules provided by the CBSI.

Table 5 - Summary assessment table: Revenue management and distribution

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Distribution of revenues (#5.1)	The 2014 EITI Report clarifies that revenues mandated by law become part of the budget, including the extractive industry revenues.	Satisfactory progress
Sub-national transfers (#5.2.)	In accordance with requirement 52, the EITI Report discloses the revenue sharing formula and the actual transfers for the 2014 and 2013 EITI Report. The 2013 report explains, the discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between CBSI, the Gold Ridge landowners and the provincial government, but the 2014 EITI Report does not disclose the discrepancy.	Inadequate progress
Information on revenue management and expenditures (#5.3)	There is no evidence that the MSG has discussed opportunities for transparency in revenue management and expenditures. The royalty transfer to Gold Ridge landowners can be considered extractive revenues earmarked for specific programmes or geographic regions, and this has been disclosed.	
International Secretariat's recommendations:		

1. SIEITI should confirm whether all revenue from the extractive sector is recorded in the national budget, and if not, clarify how these revenues are allocated.
2. SIEITI is encouraged to provide further explanation of the discrepancy in royalty transfers to the provincial government.

6. Social and economic spending

6.1 Overview

This section provides details on the implementation of the EITI requirements related to social and economic spending, including quasi-fiscal expenditures, social expenditures and the overall contribution of the extractive sector to the economy.

6.2 Assessment

Social expenditures (#6.1)

Documentation of progress

The 2014 and 2013 EITI Reports note that companies were asked to unilaterally report on any voluntary or mandatory social expenditures (2014 EITI Report, p.21; 2013 EITI Report, p.23). The 2014 EITI Report does not provide any background on whether mandatory social expenditures exist. It however describes the types of projects under company Corporate Social Responsibility programs. Figures for social expenditures of SSM Solomons Ltd are disclosed but there is no indication whether these are mandatory or voluntary (2014 EITI Report, p. 21). It mentions that this was used for disaster management operations in connection with the floods in Honiara. As there is no discussion on which expenditures are mandatory, there is likewise no discussion on the materiality of mandatory social expenditures.

In the 2013 EITI Report, only Bluewater Metals provided information on the amounts of social expenditures paid and the purpose. The report notes that the amount was related to a housing project regarding a Tsunami (p.35). It is not specified whether the payment was discretionary or mandatory, and whether the amount declared was a cash donation or the deemed value of a project paid by Bluewater Metals. There is no disclosure by the beneficiary.

The Supplementary 2013 EITI Report comments on CSR payments made by SMM Solomons Ltd. The report notes that “the company has three streams of social responsibility namely: society, local community and environment – mine rehabilitation study. One of its main activities is the sponsorship of scholarships for communities they are operating.... In 2013 a total of SBD 600,0005 was spent on scholarships and related expenses” (p.20).

Stakeholder views

Government representatives indicated that mandatory social expenditures existed in the form of community assistance agreements concluded as part of the Service Access Agreements between the companies and the landowners. This could for example include transportation for school students, relocation of displaced communities, hospitals, access road for villages, machineries and job placements.

The Mines and Minerals Act require companies to enter into such agreements, but leave it to the companies and the community to negotiate the details of the agreements and the amounts. MMRE explained that they review the agreements before they are signed, and that they are also verifying compliance with the terms of the agreements. IRD also noted that social expenditures whether CSR or part

of the Service Access Agreements are deductible from their operational expenses.

A stakeholder from the provincial government stated that they do not monitor social projects funded by companies, although they are aware that some companies assist the communities with setting up schools, health centers etc.

Initial Assessment

None of the EITI Reports clarify whether mandatory social expenditures exist in the Solomon Islands. However, stakeholder consultations confirm that these exist. There is no indication that the SIEINSG has agreed an approach to mandatory versus discretionary social expenditures. The amounts disclosed by Bluewater and SMM Solomons Ltd appear to be discretionary, but this is not confirmed. The International Secretariat's initial assessment is that the Solomon Islands has made inadequate progress in meeting this requirement.

SOE quasi fiscal expenditures (#6.2)

Documentation of progress

The 2014 EITI Report and the Supplementary 2013 EITI Report note that "During the period of reconciliation, neither the state nor the Provincial Governments nor SOE in which the state is a shareholder invests in any mining companies or activities" (p.20, 28).

Stakeholder views

Stakeholders confirmed that there are no SOEs in Solomon Islands.

Initial Assessment

Given that the 2013 EITI Report and 2014 Reports confirms that state-participation in the extractive sector does not exist in the Solomon Islands, the International Secretariat's initial assessment is that this requirement is not applicable.

Contribution of the extractive sector to the economy (#6.3)

Documentation of progress

The following information about the contribution of the extractive sector to the economy has been disclosed in the 2014 EITI Report:

- Total revenues from the extractives, in actual figures and as a percentage of total government revenues (p. 14).
- The contribution of the extractive sector to GDP in absolute terms and as a percentage of total GDP (p. 13).
- The contribution of the extractive sector to total exports and as a percentage of total exports (p. 14)
- Mineral contribution to growth (p. 14)
- The contribution of the extractive sector to employment in actual figures and as total percentage of total employment (p. 15)

There is no estimate of the informal sector, nor are key regions where production takes place indicated.

The 2013 EITI Report includes the same information.

Stakeholder views

Government representatives noted that there was a license system for alluvial mining. Once approved, formal alluvial miners were required to provide monthly reports on production volumes. However, few alluvial mining permit applications have been received despite widespread anecdotal evidence of such mining. This was likely due to the fact that landowner groups that often engaged in alluvial mining considered that their ownership of the land exempted them from such applications. One government representative estimated that 1000 people were involved in artisanal mining, which was limited to the Gold Ridge deposit.

It was noted that MMERE had records of alluvial gold sales to gold dealers and Customs had records of gold exports. CBSI receives data on alluvial gold exports, which the International Secretariat was told had risen since the end of Gold Ridge mining operations. One government representative explained that “We try to encourage artisanal miners to comply with the laws. Artisanal mining is illegal activity if a permit has not been issued. Yet we know that artisanal miners sell their gold to gold-dealers that we have issued gold dealing licenses to. Although we should not allow export of this gold that is mined without a license, we still permit the gold dealers to buy the gold from these artisanal miners. Most of it is traded to Australia and China and is hand carried. We have evidence that there is sometimes false declarations of the weight and value of the artisanal gold, but there is no way for the government to track the revenues. There have been reports of smuggling. I estimate that the total artisanal gold production is something like 6-10 kg of gold per week.”

A stakeholder from the provincial government stated that they do not monitor small scale or artisanal mining activity.

Initial Assessment

The 2014 EITI Report includes most of the information required except an estimate of the informal sector and names of the areas where production is concentrated. The International Secretariat’s initial assessment is that the Solomon Islands has made meaningful progress in meeting this requirement.

Assessment of timeliness, comprehensiveness and reliability of the information disclosed (#2)

- **Timeliness:** The 2014 Report was published in December 2015 which is within the two-year period required by the EITI Standard. The 2013 EITI Report was released in June 2014, only six months after the end of the financial year. However, the Supplementary 2013 EITI Report, aimed at filling in gaps in the 2013 EITI Report was only published a year later, in June 2015.
- **Comprehensiveness:** SIEINSG’s approach to social expenditures is unclear and it is not possible to ascertain whether the disclosures in the report are comprehensive. Most information related to the contribution of the extractive sector to the economy has been provided, although information about the informal sector is missing.
- **Reliability:** The information related to the sector’s contribution to the economy is sourced. However, there is no evidence that the SIEINSG has discussed the reliability of this data, nor the data provided on social expenditures.

Table 6 - Summary assessment table: Social and economic spending

EITI provisions	Summary of main findings	Validator's recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Social expenditures (#6.1)	Some social expenditures have been disclosed, but the 2014 and 2013 EITI reports do not clarify whether mandatory social expenditures are applicable. Stakeholder consultations confirm that mandatory social expenditures exist.	Inadequate progress
SOE quasi fiscal expenditures (#6.2)	State-participation in the extractive sector is not applicable in the Solomon Islands.	Not applicable
Contribution of the extractive sector to the economy (#6.3)	Most of the data on the contribution to the economy has been provided, however estimates of informal sector activity is missing.	Meaningful progress
International Secretariat's recommendations: 1. The SIEINSG should clarify whether mandatory social payments exist. Where these exist and are material, the SIEINSG should ensure that these transactions are disclosed in the future. 2. SIEITI should disclose estimates of informal sector activity and up to date mining sector GDP data in future reports.		

Part III – Outcomes and Impact

7. Outcomes and Impact

This section assesses the outcomes and impact of EITI implementation including whether the EITI Report is contributing to public debate.

7.1 Public debate (#7.1)

Documentation of progress

(i) Dissemination and other activities aimed at public debate

Although there have been limited dissemination and awareness raising during the first two years of EITI implementation in Solomon Islands, activities have picked up speed after the publication of the first EITI report in June 2014. A communications plan was developed in July 2014¹⁷. It includes activities aimed at outreach and awareness raising for key audiences such as landowners and communities, civil society and companies as well as activities for the SIEITI secretariat to improve its communication work and procedures in the timeframe June 2014-December 2014. Many of the activities have been completed including:

¹⁷ <http://www.sieiti.gov.sb/index.php/media-releases/communication-materials/finish/23-communication-materials/15-sieiti-communications-plan-december-2014.html>

- Outreach to stakeholders in four provinces - Choiseul, Western, Isabel and Guadalcanal – in the period September-October 2014¹⁸. According to the outreach report, these events aimed to raise understanding of EITI by rural communities who own the land on which mining takes place, and to improve the relationship and understanding of the provincial Governments and NGOs. The target audiences were provincial government officials, land owners, NGOs, churches and community leaders.
- Communicating the findings of the report through national media (2014 Annual Activity Report, p.2), including in the Solomon Star¹⁹, Solomon Islands broadcasting corporation²⁰, and other media outlets. So far this year there had been four independent news items that had mentioned the EITI.
- Outreach to stakeholders in Rennel Islands in June 2015²¹. The purpose of this event was to improve EITI awareness of the provincial government, landowners, and companies operating in Rennell Islands. Information for the supplementary report was also collected.
- A national EITI conference on 26 October 2015, aimed to promote the 2012- 2014 EITI Reports. 100 people attended the conference. The International Secretariat was provided with a list of conference outcomes which include the need to finalise the Solomon Islands National Mineral Policy; ensure that relevant EITI requirements are reflected in the revised Mines and Mineral Act; establish a framework for civil society to monitor government and extractive industries; increase awareness of the EITI; ensure more active civil society participation in the EITI; greater focus on sub-national levels transfers; and more recognition for the work of EITI and stronger support for the EITI. The National Conference also included discussions on improvement of data collection, issues around the issuance of mining licenses, and how stakeholders can benefit and better engage in the EITI.
- The SIEITI also participated in the National Mining Forum on 27-29 October 2015 where SIEITI was acknowledged as important for financial transparency in the mining sector. In the same forum, Undersecretary of the Ministry of Finance McKinnie Dentana gave a presentation on the EITI.
- A series of press releases have been issued to promote the reports and SIEITI's work²².
- Participation in the International Transparency Day on 9 December 2015. The national secretariat and some MSG members disseminated the findings of the report in these events by setting up an EITI booth where they distributed information materials and answered questions on the EITI Report.
- Participation in the Forum on Anti-corruption in December 2015. The National Coordinator presented the findings of the EITI Report and answered questions during the forum.
- Nationwide radio broadcast before International Transparency Day.

Some of the dissemination activities that were highlighted in the 2014 communication plan, such as developing EITI cartoons, billboards, radio programme, newsletters and a website were not carried out due

¹⁸ <http://www.sieiti.gov.sb/index.php/media-releases/communication-materials/finish/23-communication-materials/11-eiti-awareness-report-14-october-2014.html>

¹⁹ <http://www.solomonstarnews.com/news/business/3458-si-eiti-pushes-for-revenue-transparency-in-mining-sector>

²⁰ <http://www.sibconline.com.sb/solomons-first-in-pacific-to-meet-eiti-standards/>

²¹ <http://www.sieiti.gov.sb/index.php/media-releases/communication-materials/finish/23-communication-materials/14-rennell-island-awareness-report-2015.html>

²² <http://www.sieiti.gov.sb/index.php/media-releases/press-releases.html>

to limited human and financial resources. Some of these activities were then transferred to the 2015 work plan. The 2016 work plan includes activities for report dissemination although these have not been implemented due to lack of funding.

(ii) Making the EITI Report comprehensible

SIEITI has undertaken some efforts to ensure that the EITI report is comprehensible and publicly accessible. For example:

- A new SEITI website was launched in Q4 2015²³. EITI Reports are available in the official language English on this website as well as from the Ministry of Finance and Treasury website, and in hard copies.
- As part of the regional outreach, SIEITI collected feedback on how EITI reports and the findings from the EITI can be better communicated. Stakeholders asked for more public consultations, forums, EITI visits to local communities, short videos, more regular communication through newsletters or emails, posters and cartoons, and radio campaigns and programmes.
- Given that much of the outreach has focussed on awareness raising, SIEITI has developed tools such as an EITI FAQ²⁴ and a pamphlet²⁵

A summary report has been developed consolidating information for the 2012, 2013 and 2014 EITI Reports. However, the EITI Report and the summary report have not been translated due to lack of funding.

(iii) Contribution to public debate

The 2014 Annual Activity report notes that (p.2) “the EITI Report did cause some public debate in the communities where mining/prospecting activities happened”. As documented in the reports from the outreach events, the awareness raising campaign in September-October 2014 and May 2015 did create debate about the mining sector. Some of the questions and issues raised included the inclusion of the forestry and fisheries sector in the EITI, social and environmental impacts of mining, benefits to landowners, getting a good deal, the pace of exploration activities and the duration of exploration licenses, mining exports and the value of different grades of commodities, revenues generated from mining, revenue sharing with provinces, inclusion of provincial governments in the EITI process, policies on foreign vs local mining companies, corruption in the mining sector, saving of mining revenue for future generations, the role of women in mining, sale and transfer of mining licenses without consultation, lack of respect for landowner agreements etc ²⁶.

Stakeholder views

Civil society said that they had been involved in spreading awareness about the EITI throughout the country. According to them, this had contributed to the well-attended National Conference and Mining Forum in October 2015, where the questions and active participation of NGOs and community leaders

²³ <http://www.sieiti.gov.sb/>

²⁴ <http://www.sieiti.gov.sb/index.php/media-releases/communication-materials/finish/23-communication-materials/13-questions-asked-on-eiti.html>

²⁵ <http://www.sieiti.gov.sb/index.php/media-releases/communication-materials/finish/23-communication-materials/17-solomon-islands-extractive-industries-transparency-initiative-pamphlet.html>

²⁶ <http://www.sieiti.gov.sb/index.php/media-releases/communication-materials/finish/23-communication-materials/11-eiti-awareness-report-14-october-2014.html>

showed the interest among the wider population in EITI issues. One civil society representative said that she had used radio to disseminate information about the EITI. The SIEITI Secretariat explained that they had initially agreed to do a monthly series of radio programmes last year, but that the organisation pulled the programme due to lack of funding. However, three radio programmes were conducted in December 2015 in conjunction with the anti-corruption day. This included one broadcast focused on general EITI awareness, one radio debate where people were able to dial in to ask questions, and one live public forum that was broadcast.

Civil society representatives felt that language was a barrier to public debate and awareness. They noted that even educated people have a hard time understanding the technical terms related to mining. They suggested that there was a need to find ways of explaining the EITI in simple terms, either in simple English, in Pijin, or via pictures, cartoons or theatre. The SIEITI Secretariat noted that it planned to prepare summaries of the 2012, 2013 and 2014 SIEITI Reports translated in Pijin. To date, however, this has not been implemented due to lack of funding.

Industry stated that they did not participate in EITI's outreach activities because the EITI is new to them, although they said that they intend to do so eventually. Industry has not arranged any separate EITI-related activities. They also said that within the industry, they have not had many discussions or consultations related to the EITI. Nonetheless, they think that to some extent they are able to represent views of other industry members. They also believe that there is more clamour now for information on mining operations because of the EITI.

One government representative said that he is not aware of outreach activities because he is not informed of such activities.

The CSOs noted that there have been collective efforts by them to have an advocacy workshop focused on EITI, but due to lack of funds they were not able to hold it. A representative from provincial government stated that with adequate exposure, the public would support EITI and better understand the impacts of mining. He observed that there is not enough information dissemination about the EITI to many stakeholders.

Another government representative said that there was enough report dissemination activities in 2015, including outreach to more than a hundred landowners in provinces.

Initial Assessment

The SIEINSG has recently increased its efforts to ensure that the EITI report is comprehensible, actively promoted and publicly accessible. The focus has primarily been on creating awareness about the EITI process, and less about using the findings of the EITI report to promote debate. For example, the main debates that have taken place related to the EITI have been as part of the outreach events to provinces. The debates and discussions that unfolded do not appear to have come about in response to presentations about the EITI reports but rather more generally in response to the explanations and presentations about the EITI process. Further efforts are needed to use the findings in the EITI Reports to create debate about needs for policy change and reform, in particular at central level and involving key stakeholders such as government officials and parliamentarians. The International Secretariat's initial assessment is that the Solomon Islands has made satisfactory progress in meeting this requirement.

7.2 Data Accessibility (#7.2)

Documentation of progress

Solomon Islands EITI reports are not machine-readable. Although priority 1 in 2015 work plan indicates the need for ensuring electronic availability of the EITI reports, which has been achieved through publication on the new SIEITI website, data is not available in open formats. No meeting minutes indicate discussion among the SIEINSG members on making the EITI reports machine-readable. There have been no efforts to code or tag EITI Reports and data files, e.g. by referencing national revenue classification systems and international standards so as to enable EITI data to be compared with other publicly available data. Also, there does not seem to be any automated EITI disclosures, i.e. government disclosure of EITI data through websites and portals.

Stakeholder views

Stakeholders did not express any views on this issue.

Initial Assessment

Requirement 7.2 encourages the MSGs to make EITI reports accessible to public in open data formats. SIEITI has not yet undertaken any work to this end. Such efforts are encouraged but not required and are not assessed in determining compliance with the EITI Standard.

7.3 Lessons Learned and follow-up on recommendations (#7.3)

Documentation of progress

(iv) Recommendations from the Independent Administrator

The 2014 EITI Report contains very few recommendations, all of which focus on the EITI reporting process, such as: 1. Creation of a database by the secretariat; 2. Ensuring commitment of reporting entities and stakeholders; and 3. Improving communication efforts (pp.30-31) There are no recommendations that are linked to national issues and priorities. There is also no assessment of actions that have been taken based on recommendations from previous EITI Reports. At the MSG meeting conducted in April 2016, the MSG tasked the secretariat to determine which of the recommendations should be implemented for a short-term or long-term basis. On 1 July 2016, the MSG also created a matrix to monitor the actions taken on these recommendations. It can be seen from this table, however, that very few progress has been made and only with respect to enhancing the public's understanding of the EITI process which the MSG says has been achieved through their national conference in the setting up of their website. The MSG has also submitted inputs on the National Mineral Policy. This is expected to address the Independent Administrator's recommendation that reporting entities should commit to the reporting process.

For the 2013 EITI Report, the Independent Administrator has included several recommendations for strengthening the reporting process in the future (2013 EITI Report, pp.40-42). These include:

- (1) Establishment of a database of all extractive companies operating in the extractive sector.
- (2) Reviewing all data on licenses and fees to ensure completeness of the list of payments.
- (3) Direct payments and revenues to provincial governments should be reconciled rather than unilaterally reported by companies.
- (4) Payment details for each revenue stream must be provided to enable reconciliation.
- (5) Training for reporting entities

(6) Companies should provide templates certified by an external auditor and the Office of the Auditor General should be given time to audit data for government entities.

(7) Ensure that there is sufficient time for the reconciliation exercise.

With regards to SIEITI's progress in identifying, investigating and addressing the causes of any discrepancies in EITI reporting, the main reason for the discrepancies in the 2013 and 2014 EITI Reports was the lack of participation by companies. As the 2013 EITI Report notes "The final report notes a discrepancy of 29.2%. 95% of this discrepancy was due to reporting templates not submitted by extractive companies" (p.7). This is also true for the 2014 EITI Report where the two material companies did not submit their reporting templates.

The Supplementary 2013 EITI Report notes that SIEITI has undertaken the following to address the discrepancies and other gaps in the 2013 EITI Report (p.5-6):

- "Meeting with Central Bank of Solomon Islands, Manager of International Department, Raynick Aquillah to discuss the royalty payment. CBSI advised that they relied on advice from the MoFT when it comes to payments of money from the royalty account.
- Meeting with Guadalcanal Province – Met with John Tabu – the legal Advisor of the Province, who insisted that the disbursement of the payment was done by the CBSI, therefore they should be answerable to why and how the payments are made.
- Met with St Barbara Mining GRML General Manager, Mr. Stean Berry on the need to submit reports to the SIEITI, but revealed that they do not have supporting staff and resources in their office and computers were stolen when their office at Gold Ridge was closed.
- Close consultations with mining companies, notably St Barbara Mining GMRL regarding the need to submit reports and certain disclosure requirements, all of which were unsuccessful.
- Consultations with MMERE to submit records and updates of tenement areas for mining and prospecting companies and license holders."

In terms of SIEITI's progress in responding to recommendations from the 2012 and 2013 EITI reports, the 2014 Annual Activity report only includes a general statement that (p.3) "There are some important recommendations based on the participation or experience of producing the SIEITI reconciliation Report and lessons were learned from participating on the Reconciliation Process. The MSG had made some progress against some recommendations but slow against others. Recommendations to produce website was implemented through hiring a consultant in 2014 and work is still ongoing".

The 2012 and 2013 EITI Reports (and the supplement report) contained the following recommendations, some of which have been considered by the SIEINSG in its meetings on 27 June and 11 August 2011:

Recommendations	SIEINSG discussions/ actions taken
Lack of EITI database	
We recommend that, in the first instance, each Government Agencies selected for the reconciliation work maintains an updated database of all extractive companies operating in the extractive sector. To this end, we believe it is vital that any new entrants to the extractive sector are registered before or at the same time as they obtain their operating licence. The Secretariat should then liaise with the Government Agencies to ensure it obtains adequate information in real time and updates the database regularly. A quarterly review	The SIEINSG has discussed creating a single database for the mining sector (27 June 2014 SIEINSG meeting; 11 August 2014 SIEINSG meeting), but no action has so far been taken.

with the Government Agencies of the list of extractive companies licensed to operate in the sector is also recommended.	
We recommend for the future, that all data regarding licences and fees are fully reviewed when preparing the scoping study in order to ensure the completeness of the list of payments which were received during the period covered by the reconciliation.	This was discussed on 11 August 2014, but it is unclear whether the SIEINSG agreed any action. It was noted that one challenge was that the tax legislation dis-allows providing companies' tax information to the third party like the Reconcilers.
Weaknesses in the scoping study	
We recommend, that income stream is reconciled and reported unilaterally by the companies and presented in the reconciliation report for information purposes. Going forward, these must be reported by both parties and should be reconciled.	It is not clear if this has been discussed.
Detailed schedules should be requested with the templates and instructions for filling in the templates should be prepared and sent along with the templates. To ensure better efficiency of the reconciliation process, SIEITI could arrange for a workshop where all stakeholders are invited in order that the reconcilers are able to explain the contents of the templates provide to them with the instructions and explain their expectations.	It is not clear if this has been discussed.
Lack of audit certificates	
We recommend for the forthcoming exercises that the extractive companies comply with this requirement [to provide reporting templates accompanied by audit certificates], failing which SIEITI should apply sanctions against them. With regard to the Governmental Agencies, it is recommended that reliable and auditable data is presented to the Office of Auditor General before the Reconcilers start the 3 rd verification exercise.	In the SIEINSG meeting on 11 August 2014, companies express concerns about meetings audit certificate requirement as companies have a different financial year. It was also suggested that SIEITI should have an agreement with OAG if they can support with auditing requirements.
We recommend that SIEINSG improves the communication strategy and creates an awareness campaign in relation to EITI, its role and benefits in order to sensitize all stakeholders of the importance of the EITI process and more specifically the reporting entities (extractive companies and Government Agencies).	SIEITI has carried out more outreach to provincial governments and companies. A national EITI conference was also organized.
Lack of understanding and commitment on EITI principles by some stakeholders	
Although the EITI Work Plan includes a communication strategy with community outreach and engagement, workshops, travel to provinces, etc, we recommend that SIEINSG improves the communication strategy and creates an awareness campaign in relation to EITI, its role and benefits in order to sensitise all stakeholders of the importance of the EITI process and more specifically the reporting entities (extractive companies and Government Agencies).	SIEITI has carried out more outreach to provincial governments and companies. A national EITI conference was also organized. The 2014 communication plan was also partially implemented.
Timing of the reconciliation work	
We recommend for the future that the timing of the reconciliation exercise is better planned in the year in order to allow for more time	It is not clear if this has been discussed.

for resolving discrepancies and the preparation of the Reconciler's report.	
Communication enhancement	
We recommend that the SIEITI prepare a website including a portal in which all data and documents are published in order to enable better dissemination and to a wider audience. It is worth noting that the establishment of a dedicated website is included in the Work Plan.	A website has been developed and launched.

Stakeholder views

Some stakeholders mentioned the need for the Secretariat to maintain a database of information and contact details. The industry recognizes that EITI in SI is currently beset with funding problems and that the secretariat needs more support from government. One industry representative said that there is very minimal progress on acting on recommendations by the NSG and government.

Initial Assessment

The SIEINSG has taken steps to act upon lessons learnt, to identify, investigate and address the causes of any discrepancies and to consider the recommendations for improvements from the Independent Administrator for the 2013 Report. For the 2014 EITI Report, however, the SIESNG's actions on recommendations have been very limited. The only activities conducted so far are the national conference, the creation of the website, and providing inputs to the Mineral Policy. The International Secretariat's initial assessment is that the MSG has made meaningful progress in addressing this requirement. It is recommended that more time is allocated to consider the recommendations from the EITI reports, including gaps identified in the Supplementary 2013 EITI Report and the 2014 EITI Report.

7.4 Outcomes and impact of implementation (#7.4)

Documentation of progress

The SIEINSG has produced two annual activity reports covering 2013 and 2014²⁷. For 2015, the SIEINSG discussed their Annual Progress Report on 1 July 2016. This was circulated for further comments to NSG members for approval. As of mid-July, no comments had been received by the national secretariat. The 2015 Annual Progress Report has not been published in the SIEITI website nor has it been widely disseminated.

The 2015 Annual Progress Report contains a summary of activities in the previous year which include dissemination activities, publication of the 2014 and 2013 EITI Report, production of supplementary reports for 2012, 2013 and 2014 EITI Report, hosting of national conference to launch the EITI Report, and launching of the SIEITI website (2015 Annual Progress Report, p. 1).

The Annual Progress Report also lists activities conducted by the SIEINSG under each EITI requirement. (2015 APR, p. 4-5). Progress is measured based on whether activities for each requirement were conducted without however explaining how such activities respond to the rationale behind each requirement. The Annual Progress Report also lists the challenges encountered in fully complying with the requirements,

²⁷ http://www.sieiti.gov.sb/images/jdownloads/screenshots/2014_sieiti_activity_report_-_final.png

http://www.sieiti.gov.sb/images/jdownloads/screenshots/sieiti_activity_report_2013_-_final.png

such as non-participation of companies. It also mentions that the EITI Report initiated public debate in communities where mining and prospecting activities happened. There is no discussion of steps to exceed the requirements, nor of actions to address encouraged aspects of the EITI Standard.

While there are discussions on the actions undertaken by the SIEINSG to act on recommendations, these are limited to an enumeration of meetings conducted to explain the recommendations and to discussions of plans to act on them. (2015 APR, p.5) There is no list of each recommendation nor of any specific agreed actions to implement the recommendations. As to the level of progress against each recommendation, the Annual Progress Report states that the SIEINSG has made some progress in some recommendations but for others, progress has been slow. This was however a general conclusion rather than an assessment of each recommendation. There is no mention of whether the MSG decided not to implement certain recommendations.

Regarding the assessment of progress with regard to achieving work plan objectives, the Annual Progress Report lists all activities conducted under each objective in the work plan and an assessment of progress for each. Again, progress was measured based on whether all the activities were conducted, rather than on whether the objectives were achieved. The reason given for not being able to conduct all activities is shortage of staff in the national secretariat. The Annual Progress Report states that their progress in terms of achieving work plan objectives is satisfactory. The APR does not contain an assessment in terms of impact of the implementation of activities under the work plan.

The Annual Progress Report mentions strengths in implementation such as government commitment on the part of the national coordinator and permanent secretary of MoFT, support from the World Bank and the International Secretariat, and the ability of the stakeholders to work together. As for weaknesses, it identifies lack of staff and the voluntary nature of participation in the EITI. The potential threats cited are uncertainty of funding and lack of clarity as to the government's commitment. The Annual Progress Report highlighted the following challenges: Lack of staff in the national secretariat, low level of understanding of the EITI Standard, and legal constraints on data accessibility.

The 2014 annual activity report shows that there has been significant progress with implementation in 2014 in comparison to previous years. SIEITI highlights the following key activities and achievements in the report:

- Engagement of more EITI staff (3 new positions)
- Closer coordination of the Independent Administrator with the SIEITI and SIEINSG members
- Completion of the establishment of a national secretariat
- Production of 2012-2013 EITI reports
- Dissemination activities in provinces
- Completion of the EITI website

According to the report 75% of the activities were carried out in 2014. However, the report also notes that several staff left in the second half of the 2014, which led to some work plan activities not being completed. The report does not specify which work plan objectives and targets have been met, nor does it include any reflections of the impact of the work plan objectives or these outcomes.

Section 3 of the 2014 annual activity report includes a brief comment on progress in meeting the seven overall EITI requirements (p.1). However, the report does not set out the rationale for why requirements are considered met by the MSG, the challenges in meeting specific requirements and how these challenges could be overcome in order to comprehensively address all seven Requirements. The annual activity report

also notes that requirement 7 is not applicable until validation, even if the requirement of course contains requirements that the MSG considers discrepancies and recommendations from EITI Reports. There is no commentary on actions undertaken to address issues such as revenue management and expenditure (3.7-3.8), transportation payments (4.1.f), discretionary social expenditures (4.1.e), ad-hoc sub-national transfers (4.2.e), beneficial ownership (3.11) and contracts (3.12).

With regards to follow up on recommendations, the annual activity report includes a brief statement on the implementation of the recommendations from the previous reconciliation reports (p.1), but does not list the recommendations emanating from past EITI Reports nor does it document the NSG's discussion of these activities.

Finally, the annual activity report includes a section identifying strengths and weaknesses of implementation (p.3), noting the following:

Strengths

- Government Commitment
- Multi-Stakeholders team work
- Support from the World Bank

Weakness

- Voluntary nature of work for SIEITI cause coordination of Data a challenge
- No dedicated personnel to coordinate the program
- Shortage of Staff. Currently only two officers in the Office

Opportunities

- Reduces corruption in the mining sector because of the high level of transparency

Threats

- Future funding to run the Office is not certain.
- Change of Government may result to change of Government commitment

It also includes details about the total budget for 2014 and a list of MSG members. The 2014 annual activity report appears to have been discussed among MSG members only, and does not include any reflections on the detailed feedback from stakeholders consulted during the outreach events on the issues that they wish to see covered by the EITI going forward.

Stakeholder views

No stakeholders voiced any particular comments about the annual progress report.

Initial Assessment

The SIEINSG has reviewed progress and outcomes of implementation on a regular basis, including by publishing annual progress reports over the past two years. Although these reports provide a useful snapshot of last year's activities, it is lacking responses from the SIEINSG to the recommendations made by the Independents Administrator. It also lacks an assessment of progress against work plan objectives, including an assessment of the impact and outcomes of the stated objectives. The International Secretariat's initial assessment is that the SIEINSG has made meaningful progress in addressing this requirement.

Table 7 - Summary assessment table: Outcomes and impact

EITI provisions	Summary of main findings	International Secretariat's initial assessment of
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		progress with the EITI provisions (to be completed for 'required' provisions)
Public debate (#71)	The SIEINSG has taken steps to ensure that the EITI report is comprehensible, actively promoted and publicly accessible. Through the organisation of dissemination events in the regions, SIEITI has ensured that the EITI has also contributed to public debate even if the discussion of the findings of the EITI Reports remains limited.	Satisfactory progress
Data accessibility (#7.2)	SIEITI does not yet provide EITI data in open data formats.	
Lessons learned and follow up on recommendations (7.3)	SIEITI has taken steps to act upon lessons learnt, to identify, investigate and address the causes of any discrepancies and to consider the recommendations for improvements from the Independent Administrator for the 2013 Report. However, after the publication of the 2014 Report and the pilot validation, very few actions have been undertaken to address the recommendations.	Meaningful progress
Outcomes and impact of implementation (#7.4)	The SIEINSG has reviewed progress and outcomes of implementation on a regular basis, including by publishing annual progress reports over the past two years. These reports provide a useful snapshot of last year's activities, but minimal information regarding MSG's plans to act on recommendations made by the Independent Administrator. It does not contain an assessment in terms of impact of the implementation of activities under the work plan. Neither the 2013 nor the 2014 annual progress report are published.	Inadequate progress
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. SIEITI is encouraged to summarise and present the findings from the EITI reports, including the many reform needs highlighted, to create public debate. Particular attention should be focused on translating summaries into local Pijin and exploring ways of using alternative communication methods such as cartoons and theatre. 2. It is recommended that more time is allocated to consider the recommendations from the EITI reports, including gaps identified in the Supplementary 2013 EITI Report, and that any follow up actions are integrated in the SIEITI work plan. 3. The SIEINSG is encouraged to provide more EITI data in open data formats. 4. SIEITI should make sure that the next annual activity report includes a more detailed overview of responses from the SIEINSG to the recommendations made by the Independents Administrator, as well as an assessment of progress against work plan objectives and an assessment of the impact and outcomes of the stated objectives. 		

7.5 Impact analysis (not to be considered in assessing compliance with the EITI provisions)

In terms of impact of the EITI to date, civil society representatives had different views on whether the EITI had achieved any impacts. One civil society representative said that the government is learning to accept the principles of transparency and accountability, which was an achievement of the EITI, not least given that members of the government sometimes had business relations with companies. Another civil society representative said that she had identified conflicts of interest within her own organisation. The coming together of different stakeholders in the SIEINSG was also highlighted as an achievement, contributing to building trust and understanding and making voices heard. One civil society representative said that there was no impact yet. The CSOs also noted that the EITI has helped build their capacity, such that now, they are able to answer questions related to the mining sector when asked by their constituents.

Government representatives noted that the EITI had had an impact in starting to build trust amongst the three stakeholder groups. While requiring companies to disclose financial information was seen as a “no go” area, all stakeholders had built links through discussions of EITI documents such as the work plan and reporting templates. The SIEITI Secretariat noted that the main impact of the EITI had been that citizens were starting to understand the contribution of the mining industry to the national economy, when the popular notion had been that there was no contribution at all.

An industry member said that the EITI is relatively new in the Solomon Islands so not all people understand implementation. Even among industry members, there is very low level of appreciation of benefits from EITI implementation. However, they claimed that EITI better facilitates their engagement with landowners and that EITI has helped build trust among stakeholders. There is a perception that the EITI is an independent body that provides unbiased and reliable information, which industry wants to capitalise on. In view of this, they think that outreach to landowners should be prioritized. Industry representatives admitted that they have not solicited feedback from other industry members regarding EITI’s impact on SI.

In terms of achieving the objectives of the EITI, one industry representative commented that these are not yet fulfilled. In particular, increasing awareness about the EITI was challenging because most EITI activities are carried out in urban areas due to lack of funds. One representative, however, considers the objectives of implementation to have been fulfilled because the necessary information from companies is now disclosed. There is also a sentiment that SIEITI has been able to fulfil its objectives in terms of showing to the public what the industry does and how much it pays to government.

A representative from MMERE said that in the mining sector, the EITI has no effect or impact yet on regulations and governance. He mentioned that there needs to be better awareness and EITI needs to be embedded in legislation. He stated that limited people in the ministry know about the EITI apart from those who are actually involved in it. i.e., those that are responsible know.

Looking ahead, some suggested that the EITI could catalyse greater interest at the subnational level if they included information on expenditure information at the level of landowner groups and provincial governments. It was noted that companies would like to see more information on how landowner groups in particular used their revenues, given community criticisms of industry’s lack of social expenditures to such groups. Industry also suggested that the EITI could focus more on environmental aspects of mining, including supporting disclosure and explanation of Environmental Impact Assessments (which are statutorily required to be made public, although this is not the case in practice according to industry representatives consulted) and help address cases of double taxation.

Stakeholders outside of the SIEISNG recognize the potential of EITI to contribute to better sector governance especially in keeping discussions on transparency part of the government's agenda and ensuring better access to information. They agree, however, that a lot of work still has to be done for the EITI to realize this potential. One stakeholder stated that some people see the EITI as the solution to issues in the extractive sector, specifically in empowering landowners to negotiate better deals with companies.

While it is clear that the EITI Reports produced by Solomon Islands have been useful in identifying gaps in government systems that need to be addressed, it can also be seen that minimal actions have been taken to utilize this information. Although they have submitted policy recommendations to MMRE there is no clarity how far they have gone in this process and specifically which policies do they want to pursue collectively. In terms of stimulating public debate, it appears that the outreach activities conducted by SIEISNG have been useful in informing the public regarding the revenues collected by government from companies. In this regard, it can be said that there is evidence of impact in terms of creating public awareness on how much the country benefits from its extractive sector. However, in terms of analysing data and making meaningful conclusions from these figures, there is not enough indicator to show how the EITI process in Solomon Islands has actually created impact.

Annexes

List of stakeholders consulted

Government

George Tapo, Deputy Commissioner, Inland Revenue Division, Ministry of Finance and Treasury

Lilian Danitofea, Senior Tenement Officer, Ministry of Mines and Energy

McKinnie P Dentana, Undersecretary, Economics, Ministry of Finance and Treasury

Derek Futaiasi, Undersecretary, Office of the Prime Minister and Cabinet

Christopher Vehe Sagapoa, Policy Secretary (Resources Sector), Office of the Prime Minister and Cabinet

Ali Homelo, Manager, International Department Section, Central Bank of Solomon Islands

Elmeleck VJamuke, Ministry of Mines and Energy

Ishmael Kheegrasoupa, Ministry of Mines and Energy

Anthony Kivholyn, Ministry of Finance and Treasury- Internal Revenue Division

Thomas Toba, Ministry of Mines and Energy

Industry

Phillip Tagini, General Manager-Sustainable Development, Axiom Mining

Lonsdale Manase, Community Affairs Manager, Axiom Mining
Nicholas Biliki, Asst. Manager, HR and logistics, Axiom Mining

Civil society

Nancy Jolo, General Secretary, Development Services Exchange (DSE)

Mary Bollen, President, Guadalcanal Province Council of Women

Mere Levo, Representative, Northern Faouro Tribal Land Association

Josephine Teakani, Director, Vois Blong Mere, Solomon

Others

Vincent Salafa Obimae, Head of the Solomon Islands EITI National Secretariat

Georgina M Kikiolo, Finance and Procurement, Solomon Islands EITI National Secretariat

Anne Tully, Country Manager, World Bank

Sophie Egden, governance specialist, World Bank

George Kosui, GBusiness Consultancy Services, John Talu, Guadalcanal Provincial Government

Leni Delavera, Solomon Islands Broadcasting Corporation

List of MSG members and contact details

Name	Organisation	Contact details	Notes
<i>Government</i>			
George Tapo	Deputy Commissioner, Inland Revenue Division, Ministry of Finance and Treasury	gtapo@mof.gov.sb	MSG member since 2012
Lilian Danitofea	Senior Tenement Officer, Ministry of Mines and Energy	ldanitofea@mines.gov.sb	Replaced Krista in 2014
Mary Leo	Auditor, Office of the Auditor General	moldom@oag.gov.sb	
McKinnie P Dentana	Undersecretary, Economics, Ministry of Finance and Treasury	mdentana@mof.gov.sb	Replaced Harry Kuma in 2013
<i>Industry members</i>			
Lonsdale Manase	Community Liaison Manger, Axiom KB Mining Ltd	lonsdale.manase@axiommining.com.sb	Replaced Mark Edward in 2014
Joerex Raukaniu	Senior Human Resources Officer, Sumitomo Metal Mining Limited	jraukaniu@solomon.com.sb	Replaced Joe Rex in 2015
<i>Civil society members</i>			
Nancy Jolo	General Secretary, Development Services Exchange (DSE)	generalsecretary@dse.org.sb	Replaced Timothy Lafuia in 2013
Mary Bollen	President, Guadalcanal Province Council of Women	marybollen@yahoo.com	MSG member since 2012
Mere Levo	Representative, Northern Faouro Tribal Land Association	vola.tileh@yahoo.com	MSG member since 2012
Willie Atu	Director, The Nature Conservancy (TNC), Solomon Islands	watu@tnc.org	MSG member since 2014
Josephine Teakani	Director, Vois Blong Mere, Solomon	jp.teakeni@gmail.com	MSG member since March 2015
Edward Ronia	Chief Executive Officer, Transparency International SI	tsiexecutive@solomon.com.sb	Vacant. Awaiting appointment of new CEO for TI.

List of reference documents

NSG Meeting Minutes

SIEINSG Meeting, 15 February 2012 <http://www.sieiti.gov.sb/index.php/publications/minutes/2012/finish/17-2012/33-solomon-islands-national-steering-group-sinsg-meeting.html>

SIEINSG Meeting, 3 May 2012 (not online)

SIEINSG Meeting, 8 May 2012 <http://www.sieiti.gov.sb/index.php/publications/minutes/2012/finish/17-2012/34-solomon-islands-national-steering-group-sinsg-meeting.html>

SIEINSG Meeting, 20 June, 2012 <http://www.sieiti.gov.sb/index.php/publications/minutes/2012/finish/17-2012/35-solomon-islands-national-steering-group-sinsg-meeting.html>

SIEINSG Meeting, 3 September 2012 <http://www.sieiti.gov.sb/index.php/publications/minutes/2012/finish/17-2012/32-solomon-islands-national-steering-group-sinsg-meeting.html>

SIEINSG Meeting, 27 February 2013 <http://www.sieiti.gov.sb/index.php/publications/minutes/2013/finish/16-2013/38-solomon-islands-national-steering-group-sinsg-meeting.html>

SIEINSG Meeting, 12 February 2014, not online

SIEINSG Meeting, 21 February 2014, not online

SIEINSG Meeting, 27 March 2014, not online

SIEINSG Meeting, 8 May 2014, not online

SIEINSG Meeting, 5 June 2014 <http://www.sieiti.gov.sb/index.php/publications/minutes/2014/finish/15-2014/4-nsg-meeting-5-june-2014.html>

SIEINSG Meeting, 27 June 2014 <http://www.sieiti.gov.sb/index.php/publications/minutes/2014/finish/15-2014/5-nsg-meeting-27-june-2014.html>

SIEINSG Meeting, Monday 11 August 2014 <http://www.sieiti.gov.sb/index.php/publications/minutes/2014/finish/15-2014/6-nsg-meeting-11-august.html>

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