

JUSTICE
for the **POOR**

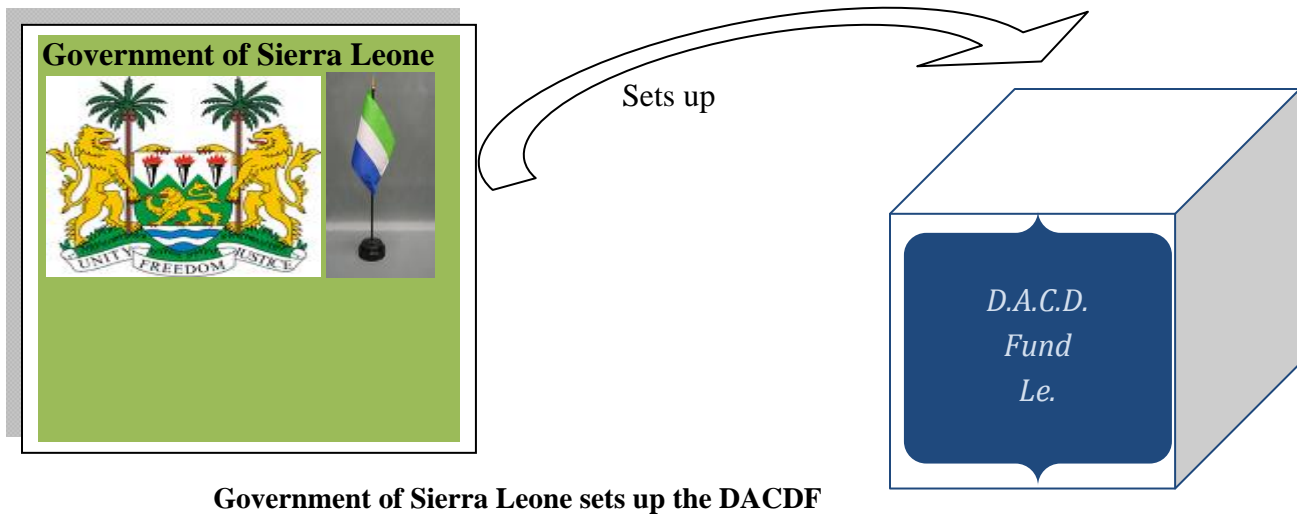


**A Simplified Handbook on the Government of
Sierra Leone's
New Operational Procedures and Guidelines
For the
Diamond Area Community Development Fund
(DACDF)**

*Designed by the World Bank Justice for the Poor (J4P) in partnership with Network
Movement for Justice and Development (NMJD)*

DACDF means Diamond Area Community Development Fund.

The DACDF was set up by the government of Sierra Leone in the year 2001. Since that time every year the government puts some money into the fund for distribution among diamond mining chiefdoms in the country.



Why did government introduce the Diamond Area Community Development Fund?

There are several reasons for which the government introduced the DACDF, but the most important ones are:

- (1) After the civil war, government thought it necessary to give back some of the money it gets from the sale of diamonds to chiefdoms in the country where diamonds are mined so that these chiefdoms will use that money to carry out development projects in their towns and villages.
- (2) Government also wanted to encourage the chiefs and other local leaders in mining chiefdoms in the country to help reduce, or put stop to bad mining practices like diamond smuggling, mining without license, and other forms of illegal mining.

Does government give the DACDF money to districts or chiefdoms that do not have diamonds?

No. As the name goes “Diamond Area Community Development Fund”. The money which government puts in the DACDF fund is only intended to be given to districts and chiefdoms that have diamonds, and where diamond mining is taking place in the country. Furthermore, government gets the money from diamond sales and diamond mining areas only.

Where does the DACDF money come from?

As a way of generating money for the DACDF, every year the government of Sierra Leone levies a 3 % tax on the export value of all diamonds mined by holders of artisanal mining licenses. 25 % of that 3% is what government gives to the DACD fund. In other words the government deposits 0.75 % of the total export value of artisanal diamonds to the DACDF account that is jointly operated by the Ministries of Mines and Local Government

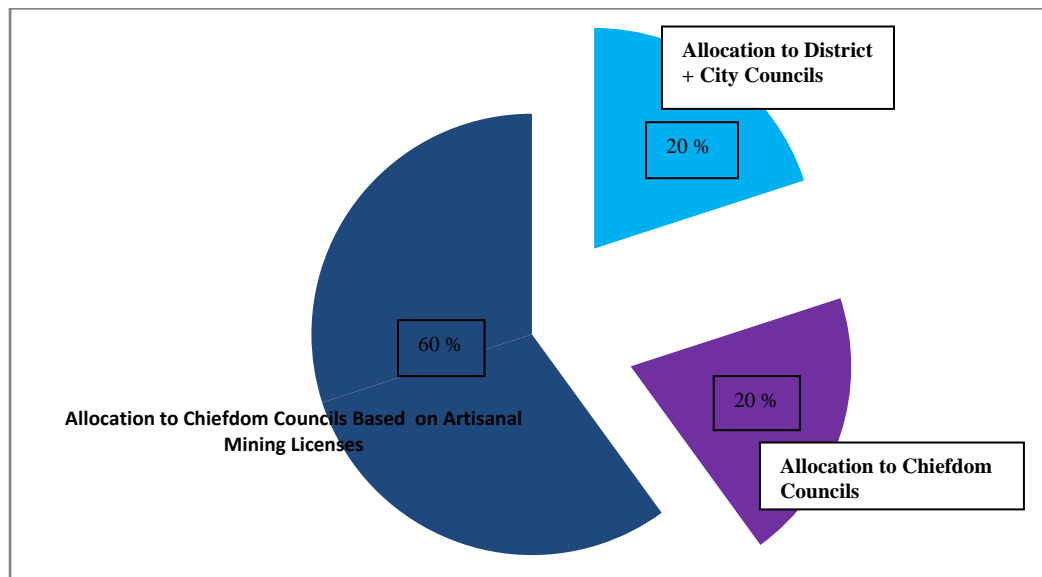
How does government allocate the DACDF money to the many chiefdoms and districts that are supposed to benefit?

Government allocates the money in the form of percentage to three (3) broad categories, these include;

- (1) District Councils; including City Councils where applicable
- (2) Chiefdom Councils and
- (3) Chiefdom Councils Based on Artisanal Mining Licenses

According to this method, government allocates 20 % of total DACDF money collected in any given period to all diamondiferous district councils (plus city councils in districts where city councils exist). Another 20 % is allocated to all diamond mining chiefdoms that have artisanal mining licenses, the amount is distributed on a flat rate to all deserving chiefdoms irrespective of the number of licenses the chiefdom may have. The remaining 60 % is again allocated to chiefdom councils, and the amount is shared based on the number of Artisanal Mining Licenses that each chiefdom has. The chart below explains the various allocations.

Percentage Allocation of DACDF Money to Districts, Chiefdoms, and Artisanal Mining Licenses



How much does each district council and chiefdom council receive from these allocations?

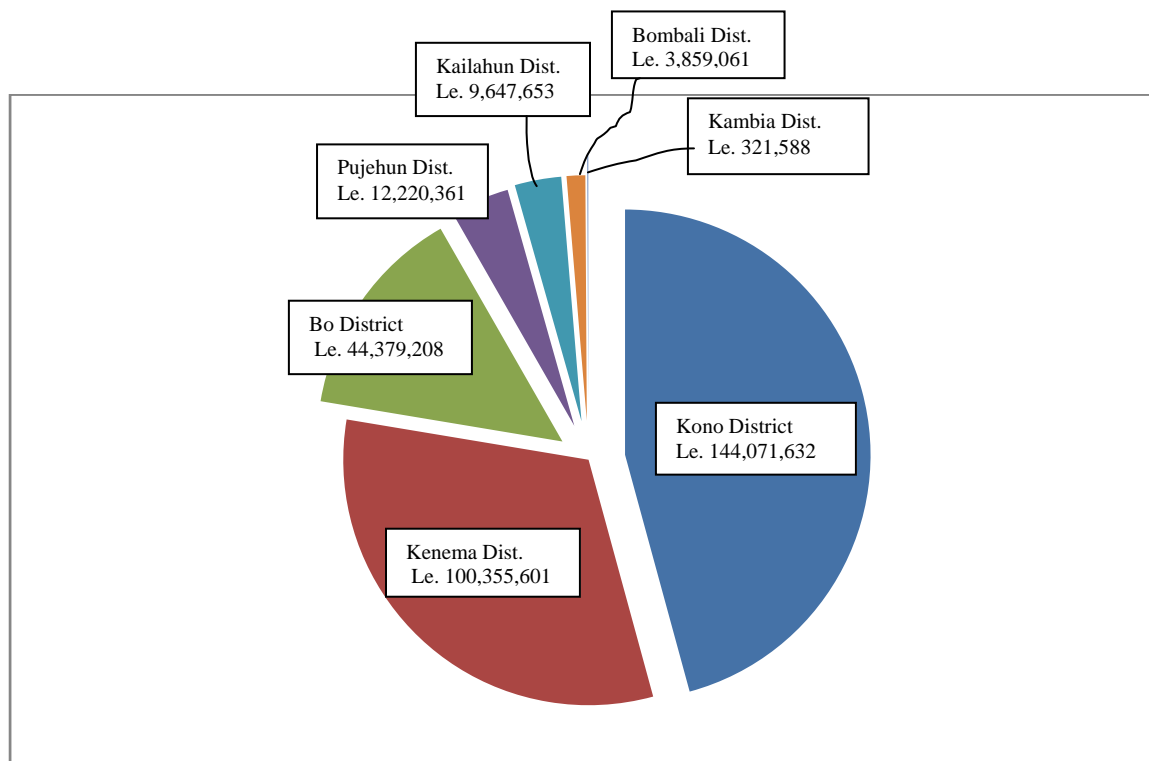
To determine how much each district council and chiefdom council receive from government allocations of DACDF money, we first need to know the total amount of DACDF money collected by the government for each period, that is; January to June, or July to December of each year. The amount of money that government collects as DACDF varies by year, and it largely depends on the quantity of artisanal diamonds that is exported by the country. For a simple and clear understanding of how the 20 % is distributed among the district councils, and how the other 20 % is distributed among the chiefdom councils, as well as how the 60 %

allocation to chiefdom councils based on number of artisanal mining licenses is distributed, let us refer to the examples below.

Example (i) Distribution of 20 % Allocation to District Councils.

Based on the January to June 2008 DACDF distribution report from the Ministry of Mines and Mineral Resources, there are currently seven (7) diamond mining districts in the country. According to the new DACD fund guidelines, funds are distributed among district councils based on the number of artisanal diamond mining licenses in each district, and the more the licenses a district possesses the higher the amount of money it receives. Therefore, if we use the new DACDF guidelines to distribute the 20 % allocated to district councils each of the seven district councils would receive the amounts as stated in the chart below.

Chart showing Distribution of District Based Allocation of DACD Funds to 7 District Councils



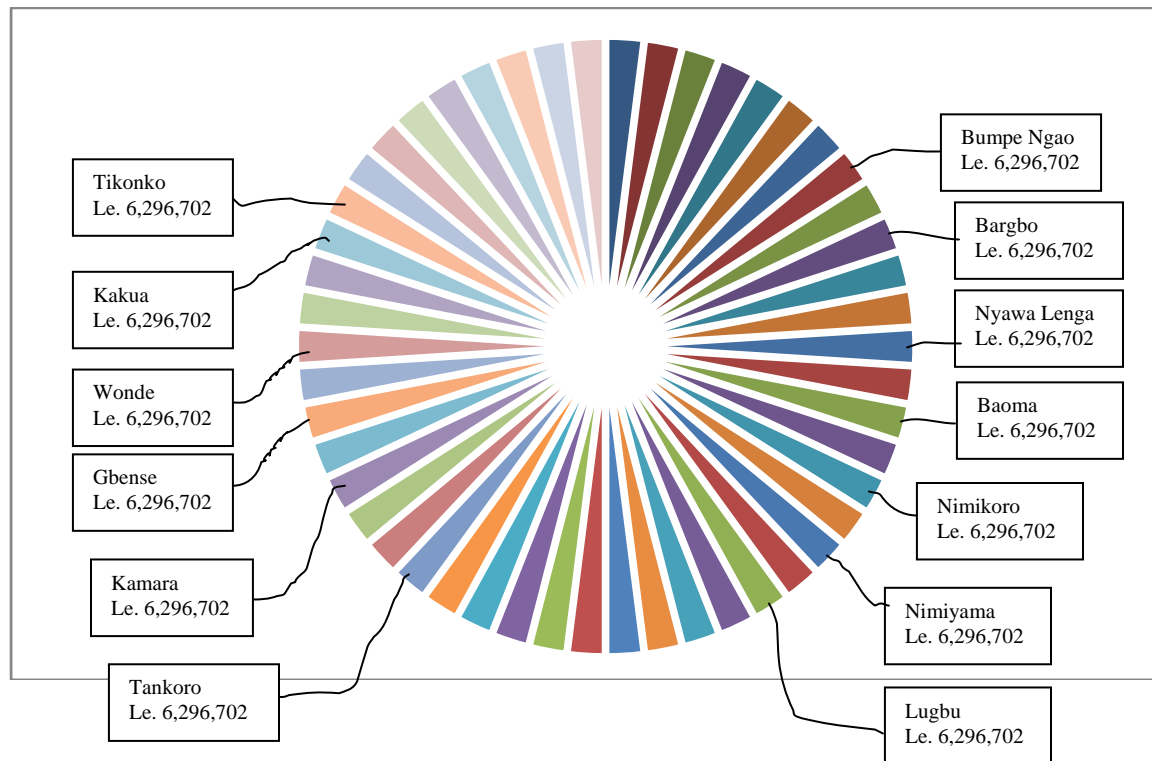
The chart above represents the seven mining districts, which is why it is divided into seven portions, each represented by a different color. You can also see that the sizes vary (not equal) because they received varying sums of money; which also mean that they had different numbers of licenses.

Example (ii) Distribution of 20 % Allocation to Chiefdom Councils

Given the disbursement figures contained in the report mentioned in example one above, if we follow the new DACDF distribution policy to distribute the 20 % allocated to chiefdom councils,

each of the 50 diamond mining chiefdoms in the country would receive the sum of Le. 6,296,702. See the chart below for a graphic presentation.

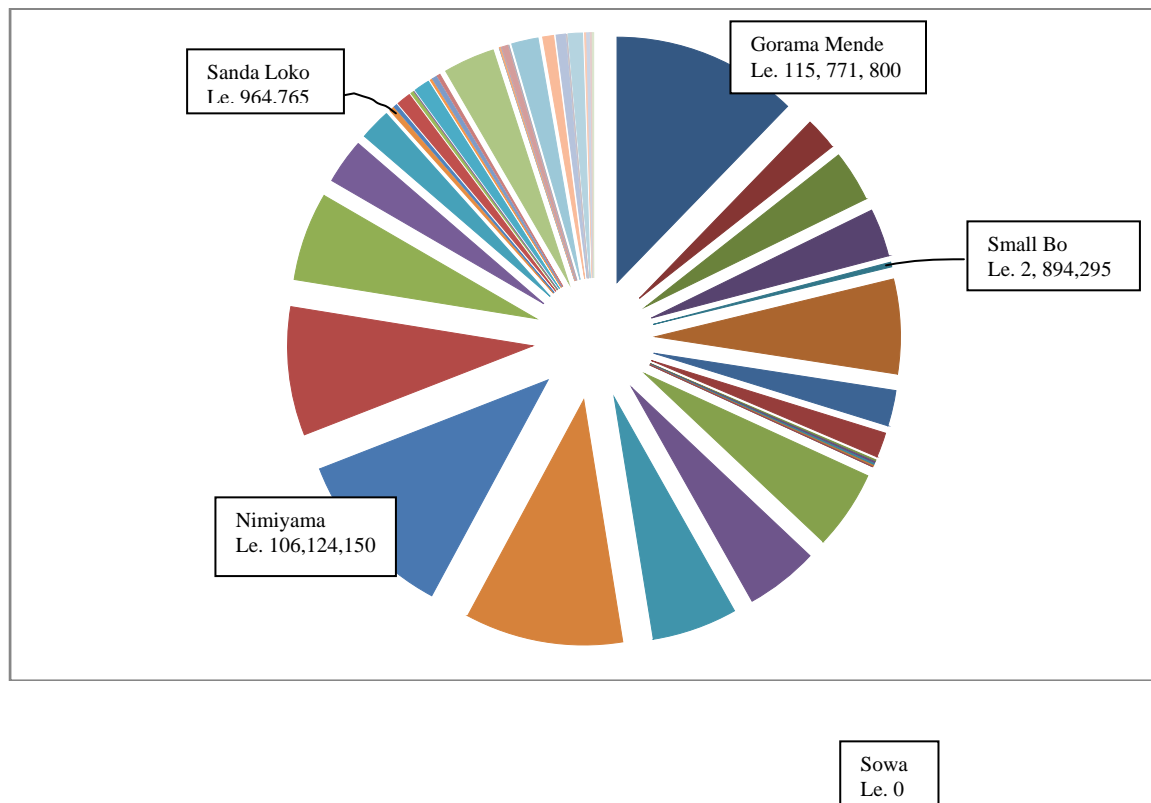
Chart showing hypothetical distribution of chiefdom base allocation



Example (iii) Distribution of 60 % Allocation Based on Artisanal Mining Licenses

Under this allocation, the DACDF money is shared among chiefdom councils based on the number of artisanal mining licenses that each chiefdom has. The more licenses a chiefdom has, the more money it gets. For the 2008 January to June distribution of DACDF money, government data states that 979 artisanal mining licenses were issued countrywide, with diamond mining chiefdoms having between 0 and 120 licenses. Based on figures from that report, one artisanal license under the 60 % allocation would be worth Le. 964,765. This amount should be multiplied by the number of licenses in each chiefdom; the product is the value of total artisanal licenses per chiefdom.

Chart showing hypothetical distribution of licensebased allocation for 5 chiefdoms, assuming 2008 figures for number of licenses per chiefdom.







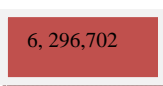
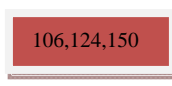

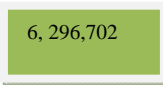
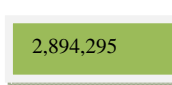
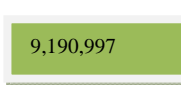

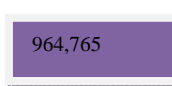

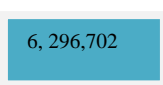
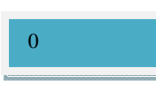
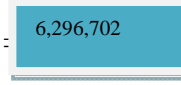


In the above chart, each portion has a different color and represents a chiefdom. The size of the portion depicts the number of licenses; and eventually the amount of money that that chiefdom receives in DACDF money for that particular period.

How then do we determine the total DACDF money that each chiefdom receives for any particular period/distribution?

To determine the total amount of DACDF money that each chiefdom receives for a given period, let us revert to the distribution figures for the chiefdom above and do a simple calculation using just five out of the 50 chiefdoms to illustrate total DACDF earnings per chiefdom for any given period.

Table showing hypothetical calculation of DACDF money received by diamond mining chiefdoms.

	Share of Chiefdom Base Allocation	+	Share of Licenses Base Allocation	=	Total DACDF Money Received By Chiefdom
					
Gorama Mende		+		=	
Nimiyama		+		=	
Small Bo		+		=	
Sanda Loko		+		=	
Sowa		+		=	

The above table shows a sample calculation of DACDF money for 5 chiefdoms. There are three (3) columns in the table. The first column shows the chiefdoms' share of the 20 % chiefdom base allocation. Money under this allocation is distributed equally on a flat rate.

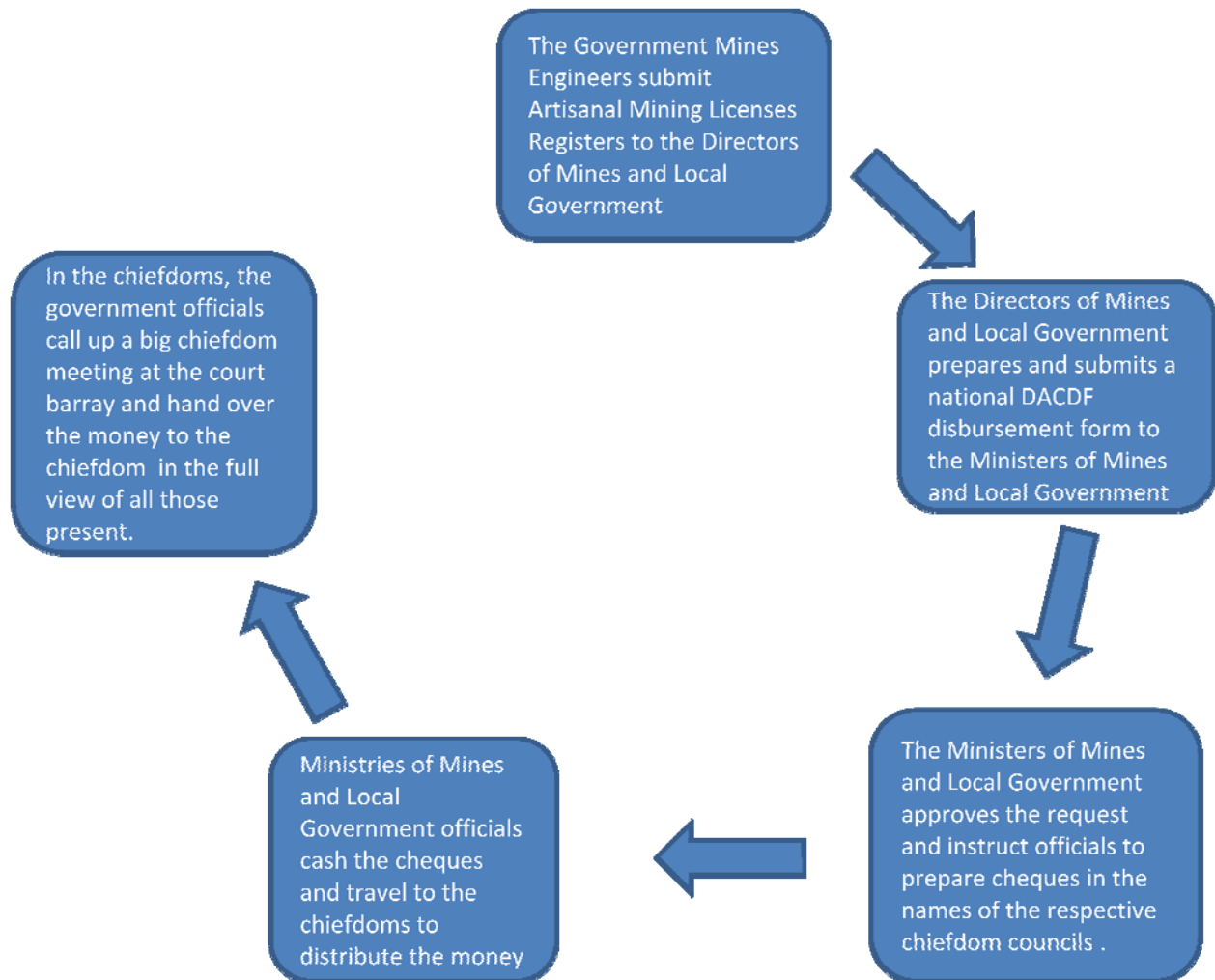
The second column shows the money value of each chiefdom's total number of artisanal mining licenses (otherwise known as allocation to chiefdom councils based on number of artisanal mining licenses). We can see from the table that the amount of money against the chiefdoms varies. Gorama Mende chiefdom at the top has the highest amount of money with 115,771,800 from 120 licenses. Nimiyama chiefdom has the second highest with 106,124,150 from 110 licenses; Small Bo chiefdom is third with 2,894,295 from 3 licenses, and Sanda Loko chiefdom 964,765 from 1 license. Sowa chiefdom has 0 (zero) or did not receive any money because it didn't have any licenses.

The third column shows the total DACDF money the chiefdoms receive for any particular period. For any chiefdom, this total is derived by adding the amount in column 1 to the amount in column 2.

How does the DACDF money reach the chiefdoms?

Government has not yet started implementing this new DACDF money disbursement guideline, so the method the government is currently using to get the money to the chiefdoms is through the paramount chiefs. The chart below explains the old process.

Steps and processes of delivering the DACDF money to chiefdom councils before the introduction of the new operational guidelines and procedures.



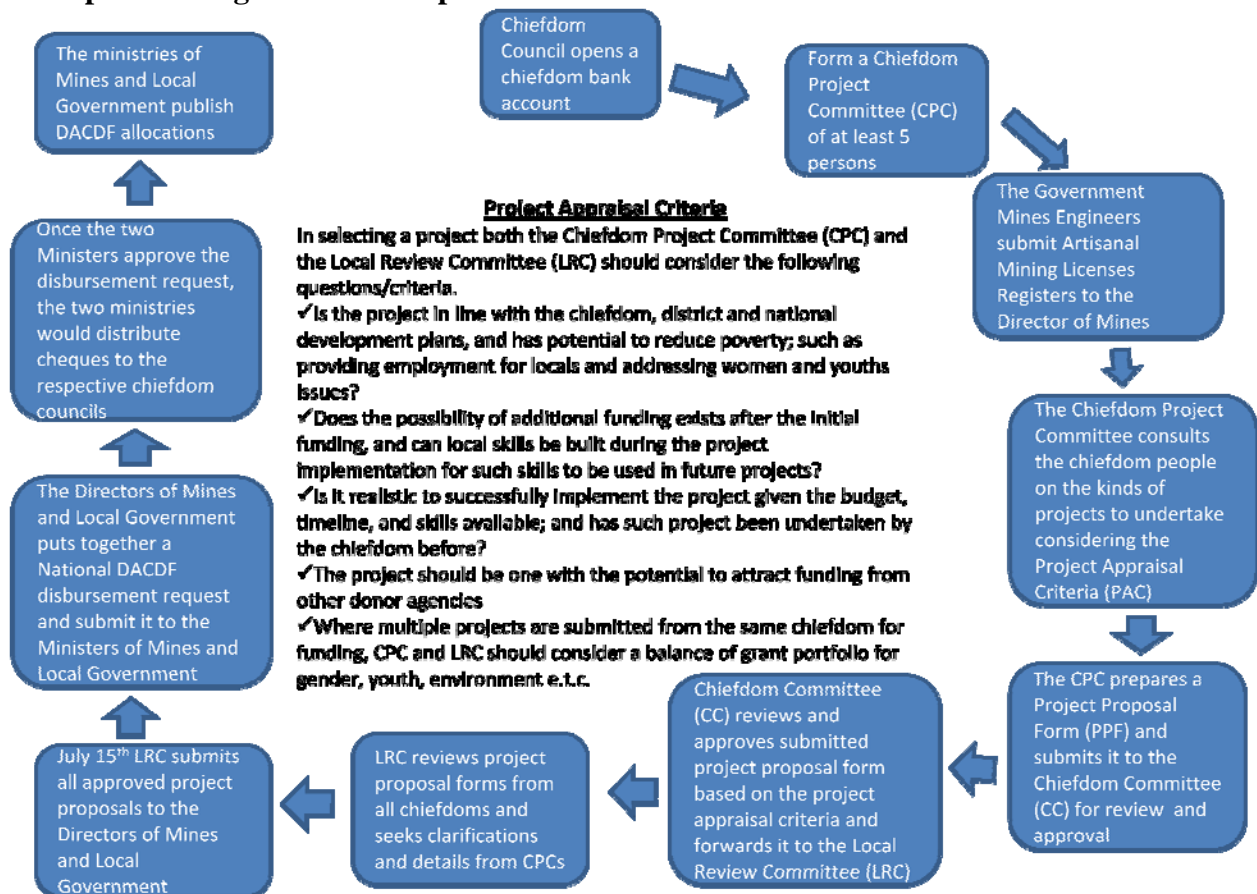
Does government give the DACDF money to be shared among individual members in diamond mining chiefdoms?

No, government does not give the DACDF money to be shared among individual people. Government gives the DACDF money to mining chiefdoms so that the people in those chiefdoms can use it to carry out development projects which the chiefdom people need highly in their chiefdoms. For example; projects like roads, schools, court barrays, health posts, etc.

Under this new method of DACDF distribution that government wants to introduce, how does the money reach the chiefdoms?

Under this new method that government wants to introduce, there are stages involved and an established timeframe. The chart below explains the new process.

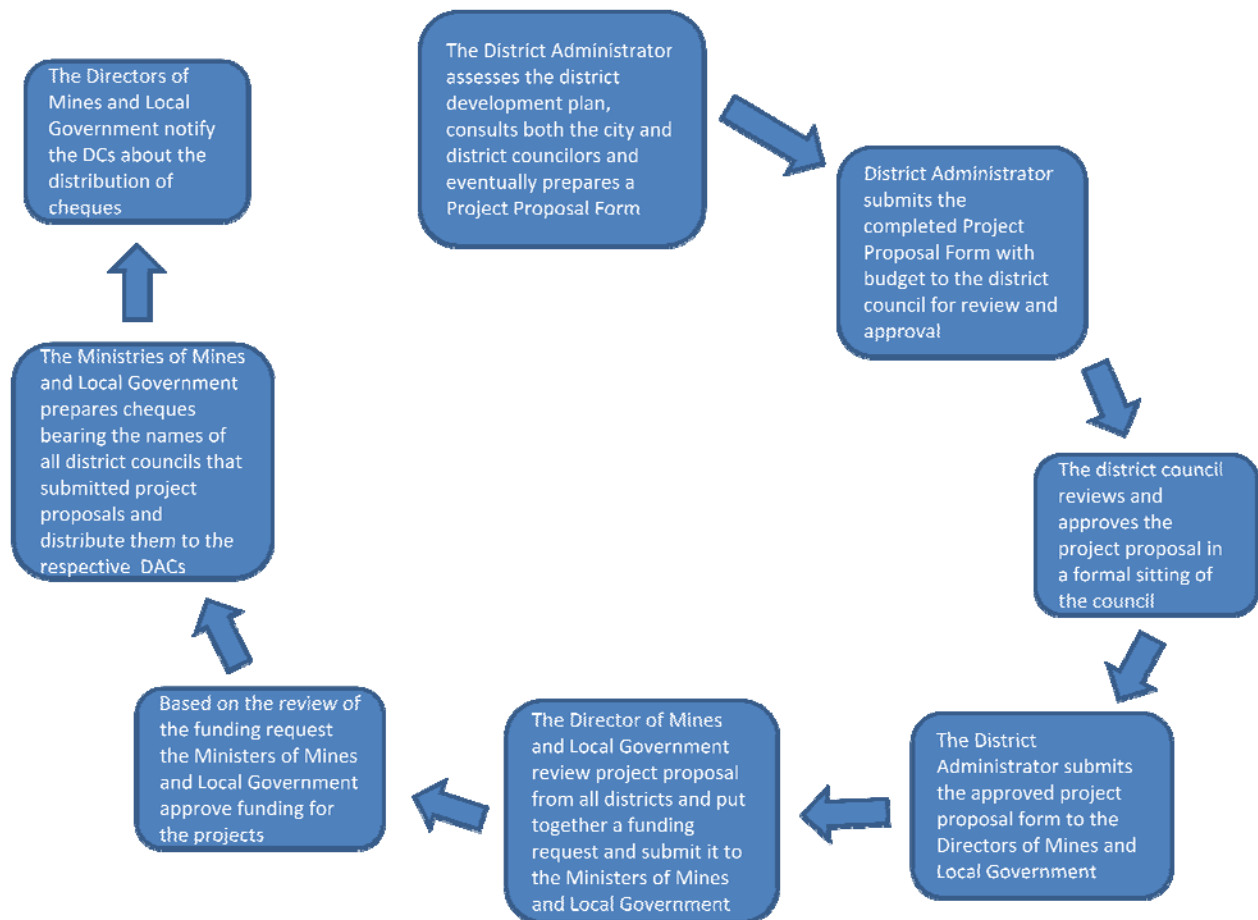
Steps and processes of delivering the DACDF money to chiefdom councils as stated in the new operational guidelines and procedures.



Does the new DACDF guidelines apply to district councils also?

Yes, the new DACDF guideline also applies to district councils in terms of how they access the funds for project implementation. The chart below explains a step-by step process.

Steps and processes in delivering DACDF money to District Councils as stated by the new operational guidelines and procedures.



After going through this process, if there is a delay or the money is not released to the chiefdom what should the chiefdom people do?

If there is any delay in releasing the funds to the chiefdoms the people should first of all consult their paramount chiefs since they are major stakeholders to the DACDF money. If the chief is unable to provide better solution, the people should then contact the Government Mines Engineer or the Provincial Secretary. The Directors of Mines and Local Government or the Minister of Mines could also be contacted if the district level authorities are unable to provide a satisfactory answer to the people.

How many times in a year does government give out the DACDF money to benefiting chiefdoms?

The government has committed to providing funds to the DACDF two times every year. The first tranche is given between January to June and the second tranche is given between July to December of that same year.

*For more information contact Justice for the Poor at the World Bank office or the office of
Network Movement for Justice and Development in Freetown.*