

**MEMORANDUM OF UNDERSTANDING
FOR THE IMPLEMENTATION OF THE EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE (EITI) IN LIBERIA**

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into this **4th** day of **April**, A.D. 2008 by and among:

- (a) **The Government of the Republic of Liberia**, represented by the Ministry of Finance along with the Ministry of Lands, Mines & Energy as well as other public agencies, bodies and companies named herein and specifically listed as signatories to this MOU (together hereinafter known and referred to as the “The Government”);
- (b) **The Civil Society of Liberia**, represented by the Publish What You Pay Coalition of Liberia along with the National Traditional Council of Liberia as well as other civil society organizations and/or professional bodies specifically named herein as signatories to this MOU (together hereinafter known and referred to as “The Civil Society”); and
- (c) **The Private Sector**, consisting of all companies and persons operating in the oil, mining and forestry sectors of Liberia (“extractive sectors”), represented by Arcelor Mittal Liberia Limited along with the Liberia Timber Association and a number of other companies and persons that are named herein and specifically listed as signatories to this MOU (together hereinafter known and referred to as “The Private Sector”).

The Government, the Civil Society, and the Private Sector are hereinafter referred to collectively as the “Parties”.

WITNESSETH:

WHEREAS, Liberia is endowed with vast quantities of natural resources that include diamonds, gold, iron ore, extensive tropical timber, and probable oil and gas reserves of undetermined but potentially significant quantity;

WHEREAS, Liberia has been a victim of the resource-curse in that instead of its natural resources contributing to economic growth and social development, the resources have been exploited for the near exclusive benefits of a few business and political elites, thus making Liberia one of the poorest countries in the world;

WHEREAS, the Parties recognize the need for having the revenues from exploitation of Liberia’s natural resources used for the benefit of all Liberians, and have accordingly agreed to a partnership aimed at implementing a comprehensive regime of disclosure and transparency over (1) all material oil, gas, mining and forestry payments made by the Private Sector to the Government (“payments”); and (2) all corresponding material benefits and/or revenues received by the Government from the Private Sector (“revenues”); and

WHEREAS, the Parties further accept the Principles and Criteria of the international Extractive Industries Transparency Initiative (EITI) as representing the best practices and standards for promoting accountability and transparency in the extractive sector, and have accordingly agreed to apply the EITI Principles and Criteria in respect of payments made, and revenues received from, the extractive sector in Liberia;

NOW, THEREFORE, the Parties have agreed as follows:

1.0 ESTABLISHMENT OF THE LEITI

- 1.1 The Parties endorse the Principles and Criteria of the Extractive Industries Transparency Initiative (EITI) and, for the purpose of implementing the EITI Principles and Criteria in Liberia, hereby establish a tripartite coalition to be known as the Liberia

Extractive Industries Transparency Initiative (“LEITI”).

1.2 The Parties hereby affirm, reaffirm and ratify the Resolution on Validation and Adoption of the Extractive Industries Transparency Initiative in Liberia (LEITI), which was signed and adopted by the authorized representatives of the Parties on May 7, 2007.

1.3 The Parties further hereby affirm, reaffirm and ratify each and every prior action that has been taken up to this day in furtherance of the LEITI and which has contributed to the present progress in the LEITI implementation, including Liberia’s acceptance as an EITI candidate Country.

2.0 OBJECTIVES OF THE LEITI

2.1 The objectives of the LEITI shall be the regular disclosure, audit/reconciliation and publication of (1) all material oil, gas, mining and forestry payments made by the Private Sector to the Government (“payments”); and (2) all corresponding material revenues received by the Government from the Private Sector (“revenues”).

2.2 In pursuing the objectives set forth herein, the LEITI shall undertake such activities, programs and processes as shall be necessary and/or required for the full implementation of the EITI principles and Criteria, including, but not limited to:

- i. Ensuring the disclosure and publication, on a disaggregated basis, of (1) all payments made by the Private Sector to all agencies, entities and levels of the Government; and (2) all corresponding revenues received by all agencies, entities and levels of the Government from the Private Sector;
- ii. Ensuring that the payment and revenue information disclosed by both (1) the Government and (2) the Private Sector is the subject of a credible, independent audit and/or reconciliation conducted by applying international standards and accompanied by the opinion of the auditor or administrator regarding the discovery, resolution or non-resolution of material discrepancies, if any;
- iii. Ensuring that all EITI activities, processes and requirements are consistently applied to all oil, gas, mining, and forestry companies operating in Liberia, including state-owned companies and agencies such as the National Oil company of Liberia (NOCAL), the Forestry Development Authority (FDA) as well as all other relevant agencies, entities and levels of the Government; and
- iv. Ensuring that the design, implementation, evaluation and modification of actions, activities, processes and institutional arrangements associated with or required for the full implementation of the LEITI are carried out with the participation of civil society, particularly under the aegis/supervision of the LEITI Multi-stakeholders Steering Group established and/or provided for in this MOU.

2.3 The objectives of LEITI are and shall be construed to mean the purposes of LEITI. Further, the LEITI shall have or seek to have every power appropriate to and/or necessary for the pursuit and achievement of its objectives.

3. IMPLEMENTATION ARRANGEMENTS

3.1 The affairs of the LEITI along with the implementation of all its activities and programs shall be managed by or under the Supervision of the LEITI Multi-Stakeholders Steering Group (“**The Group**”), which is an oversight body comprising representatives of the Parties. The Terms of Reference (TOR) of the Group are provided under Section 4.0 hereof.

3.2 The Group shall establish, staff, and fund a Secretariat for the LEITI. The LEITI Secretariat shall have the responsibility to provide the Group with administrative, logistical and secretarial support, and also to carry out or coordinate the performance of activities and programs associated with or required for the implementation of LEITI.

- 3.3 In carrying out any and all activities and programs, the Group or, upon proper authorization, the Secretariat, may request, receive and/or consider advice or assistance from:
- i. The EITI Secretariat;
 - ii. The EITI Board;
 - iii. The World Bank, the African Development Bank, the International Monetary Fund, and other multilateral financial institutions; and
 - iv. The United Nations Development Program; Transparency International, and other International CSOs; and
 - v. Foreign Governments and other international organizations.
- 3.4 The Group shall also take measures to encourage and promote the participation of every member of the Liberian society regarding activities and programs of the LEITI. In this regard, the Group shall design and implement an effective communication and outreach strategy.

4.0 **THE MULTI-STAKEHOLDERS STEERING GROUP**

- 4.1 The Group shall be the governing body of the LEITI. It shall have the following functions and powers:
- i. To prepare and/or approve the work plan of the LEITI;
 - ii. To prepare and/or approve the Budget of the LEITI;
 - iii. To authorize and/or approve the solicitation of external assistance;
 - iv. To hire the Head and the Deputy Head of the LEITI Secretariat, and to approve the recruitment of all other staff and consultants;
iv. To hire or approve the engagement of the Independent Auditor or Administrator;
 - v. To approve the commissioning of all consultancies/studies;
 - vi. To approve and authorize publication of the LEITI Report;
 - vii. To develop and/or approve an LEITI financial and procurement policy, and any and all other policies and procedures associated with or required for effective and transparent implementation of the LEITI; and
 - viii. To take any and all other actions necessary for achieving the objectives of the LEITI.
- 4.2 The LEITI shall also have powers to adopt any and all rules necessary for its internal governance and for the operations of the Secretariat.
- 4.3 The Chairperson of the Group shall be one of the Representatives of the Government.

5.0 **LEITI REPORTING**

- 5.1 The LEITI shall publish, annually and on a disaggregated basis, a report (“the LEITI Report”) consisting of (1) all material payments made by the Private Sector to the Government, and (2) all corresponding Revenues received by the Government from the Private Sector.
- 5.2 The LEITI Report shall be a consolidation of the following two separate reports:
- i. The Report of the Government (“**The Government Report**”), which shall contain all material revenues and/or payments received by all agencies and levels of the Government from the private Sector; and
 - ii. The Report of the Private Sector (“**The Private Sector Report**”), which shall be a composite of individual reports of all material payments made by each extractive company to the Government.
- 5.3 The Group shall develop, or cause to be developed, necessary reporting templates that shall be forwarded to both the Government and the Private Sector (the reporting parties) with instructions of how the templates should be completed, and when and where the completed templates should be submitted.

5.4 The Group shall appoint or recruit an independent Auditor/Administrator who shall analyze, audit, collate and/or reconcile the Government Report and the Private Sector Report in order to produce the LEITI Report. The Auditor/Administrator shall present the LEITI Report to the Group in accordance with the Auditor/Administrator's engagement contract.

5.5 The Group shall then publish or authorize the publication of the LEITI Report, including the Auditor/Administrator's Opinion.

5.4 The Parties agree that the first report shall be made within four (4) months as of the end of fiscal 2007/2008.

6.0 SUSTAINABILITY OF LEITI

6.1 The Parties hereby agree that they shall jointly and severally pursue or take such legislative, administrative and democratic actions as may be needed and/or required to ensure (1) that the objectives of LEITI are fully achieved; (2) that the LEITI is supported and funded in a sustainable manner; and (3) that each and every activity or program undertaken or needed to be undertaken in furtherance of LEITI:

- i. is not in violation of any Liberian law or regulation;
- ii. is not susceptible to delay, frustration or similar counter measures resulting from unreasonable discretionary authority, contrary practice(s) or otherwise; and
- iii. is legally permitted and, if implemented, will be valid, enforceable, and binding on all private and public persons and entities.

6.2 Without prejudice to any possible administrative action or legislation that may be required for the sustainability of the LEITI, the Parties agree and undertake to ensure that the implementation of the LEITI be and remained led by a continuing partnership among the Parties.

6.3 While acknowledging possible challenges that may arise in the implementation of the LEITI, the Parties are convinced of the enormous potential benefits of the Initiative, and have accordingly resolved to continue working together to overcome impediments, resolve differences, and to achieve the objectives of the LEITI.

7.0 OTHER MATTERS

7.1 This MOU constitutes the primary statement of the establishment and objectives of the LEITI, as well as the implementation arrangements thereof.

7.2 Notwithstanding anything stated herein, the parties understand and agree that this MOU does not create any enforceable contractual rights in the parties or any third party.

IN WITNESS WHEREOF, the Parties hereto have executed this MOU on the day and in the year first above written.

FOR THE GOVERNMENT

NAME: Antoinette M. Sayeh
TITLE: **Minister**
MINISTRY: Ministry of Finance

NAME: Eugene H. Shannon
TITLE: **Minister**
MINISTRY: Ministry of Lands, Mines & Energy

NAME: Ambulai M. Johnson
TITLE: **Minister**
MINISTRY: Ministry of Internal Affairs

NAME: Marie E. Leigh-Parker
TITLE: **Vice President for Administration and Finance**
AGENCY: National Oil Company of Liberia (NOCAL)

NAME: John T. Woods
TITLE: **Managing Director**
AGENCY: Forestry Development Authority (FDA)

NAME: Honorable Gbehzohngar M. Findley
TITLE: **Member**
BRANCH OF GOVERNMENT: The Liberian Senate of the Legislature of Liberia

NAME: Honorable Matthew Darblo
TITLE: **Chairman, House of Representatives Standing Committee on Lands, Natural Resources & the Environment**
BRANCH OF GOVERNMENT: The House of Representative of the Legislature of Liberia

NAME: Christopher Z. Neyor, PE
TITLE: **Energy Specialist & Advisor, LRDC**
AGENCY: Liberia Reconstruction & Development Committee (LRDC)

FOR THE PRIVATE SECTOR

NAME: Joseph Mathews
TITLE: **Chief Executive Officer**
COMPANY: Arcelor Mittal (Liberia) Limited

NAME: Rudolph Merab
TITLE: **President,**
COMPANY/Organization: Liberia Timber Association (LTA)

NAME: Esiaka B. Konneh
TITLE: **Representative**
COMPANY/Organization: Miners and Brokers Association

NAME: J. Carney Johnson
TITLE: **Representative**
COMPANY: American Liberia Mining Company (AmLib)

FOR THE CIVIL SOCIETY

NAME: Martin F. Kerkula
TITLE: **Chairman**
ORGANIZATION: Publish What You Pay (PWYP)

NAME: Chief Zanzan Karwor
TITLE: **Chairman**
ORGANIZATION: National Traditional Council of Liberia (NTCL)

NAME: N. Oswald Tweh
TITLE: **President**
ORGANIZATION: Liberia National Bar Association (LNBA)

ATTESTATION

NAME: Emmanuel Fiadzo
TITLE: **Senior Economist**
ORGANIZATION: World Bank

NAME: Michael Tharkur
TITLE: **Resident Representative**
ORGANIZATION: International Monetary Fund (IMF)

NAME: Dominic Sam
TITLE: **Country Director**
ORGANIZATION: United Nations Development Program (UNDP)

NAME: Desmond Curran
TITLE: **Representative**
ORGANIZATION: UK's Department for International Development (DFID)

NAME: Lucretia Taylor
TITLE: **Mission Director**
ORGANIZATION: United States Agency for International Development (USAID)