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4TH FLOOR MINISTRY OF FINANCE BUILDING

Getting to Business:

LEITI Retreats in Robertsport

Early in July 2008, the Multi-stakeholders Steering Group (MSSG) of the Liberia Extractive Industries Transparency Initiative (LEITI) retreated to a two-day capacity-building workshop in the mountainous beach city of Robertsport, Grand Cape Mount County. The Retreat brought together some 38 members of the LEITI MSSG; officials of Grand Cape Mount County; officers of extractive industries; representatives of international development organizations; and Chiefs and traditional Leaders.

In welcoming participants to the Robertsport Retreat, the

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make full disclosure as per EITI guidelines include the Ministry of Finance, Ministry of Lands, Mines and Energy, National Oil Company, Forestry Development Authority and other relevant agencies.

The move by the Government to implement the Initiative is to ensure transparency and accountability in both the allocation and the exploitation of the country's natural resources.

In accordance with the Policy Note on the implementation of the Initiative, the LEITI will seek a regular publication of all payments made by mining, petroleum and forestry companies to all levels of government and/or state owned entities including details of all revenue received.

The process would also ensure that the payment and revenue information disclosed are a result of a credible, independent audit- applying international audit standards. Additionally, LEITI will ensure that payments and revenue data are reconciled by a credible, independent administrator; while the data collected will be published on a disaggregated company-by-company and agency-by-agency basis.

Gov't Reaffirms Commitment to LEITI Process

- President Sirleaf Signs Landmark Proclamation

President Ellen Johnson Sirleaf has by proclamation declared 10 September 2008 as the start of Liberia Extractive Industry Transparency Initiative program. The landmark and unprecedented proclamation is in consonance with Liberia's commitment in ensuring transparency and accountability in the country's extractive sectors. The government and other stakeholders in 2007 accepted and signed on to the principles and criteria of the Extractive Industries Transparency



Initiative, a voluntary global compact for improving transparency in countries that are dependent on extractive industries.

Further reinforcing government's support to the initiative, a tripartite Memorandum of Understanding was signed on April 4, 2008 between the Liberian government, civil society and private companies.

Gold, diamond, iron ore, forest products and other minerals are among Liberia's natural resources which when properly managed, could aid in the country's Poverty Reduction Strategy Program.

Government agencies that are required to

~~Editorial~~

Hailing the President's Proclamation

The Liberian Government, through the Office of the President, Madam Ellen Johnson-Sirleaf has declared, by Proclamation, that implementation of the Extractive Industries Initiative criteria and principles is an integral part of the Government's policy of accountable and transparent resource management and also a key component of the Poverty Reduction Strategy of Liberia (PRS) of Liberia.

The LEITI Proclamation, which became effective on September 10, 2008, pledges the full commitment of the Government of Liberia in assuring that the disclosure, publication and other reporting obligations established by and/or associated with implementation of the EITI are binding on all mining, oil and forestry companies on the one hand and relevant agencies of the government on the other hand. The Proclamation also obliges all relevant companies and agencies of Government to comply fully and timely with the requirements of the LEITI.

With the adoption of this Proclamation, the Government of Liberia has registered a strong note to ensuring an improved revenue capacity developed and strengthened under the EITI compact, which calls for greater transparency, full disclosure and publication of reconcilable revenue data. This constitutes an important step in addressing problems of integrity in the natural resources management sector.

The LEITI proclamation builds on the Government's Policy Note issued in May 2007, which launched the LEITI. Subsequent to the Government's Policy Note issued in May 2007 was also a MOU signed by the Government, leaders of extractive companies, civil society organizations and development partners for full implementation of the LEITI.

Also significant is the excellent leadership the Government is providing the LEITI as evidenced by the consistent engagement and involvement in all works and meetings of the LEITI by the Minister of Finance and the Minister of Lands, Mines & Energy (the Chair and the Co-Chair, respectively of the MSSG).

By issuing this landmark Proclamation, the Government of Liberia has once again demonstrated its strong commitment and well-acknowledged political will to implementing the EITI beyond its minimum requirements, and to ensure that the principles of the EITI are mainstreamed in the natural resource governance of Liberia. Liberia is one of a very few EITI implementing countries that have established formal legal instruments (proclamations, statute, etc) relative to EITI implementation. Further, Liberia is the first and only EITI country to date that has included the forestry sector in its national EITI program.

We are confident that by the issuance of the Proclamation coupled with the consistent political will of the Liberian Government and the consequent progress of the LEITI, Liberia has entrenched its status as a leader in EITI implementation. Congratulations Madam President and your Government.

Meanwhile, as we hail the President's Proclamation, we hasten to encourage the National Legislature to ensure the passage of the proposed LEITI legislation needed to ensure that continuing implementation of the LEITI is sustainable and binding on all concerned persons, and ultimately contribute to a proper and fair use of the revenues from Liberia's natural resources.

First LEITI Report Expected February 2009



The Liberia Extractive Industry Transparency Initiative (LEITI) is poised to publish its first report in February 2009. The report is coming as the outcome of the recent selection of the Australian Auditing Firm - Crane, White and Associates. The schedule of the report was based on the firm's work program as was agreed with the LEITI Steering Committee.

The report follows progress made by the LEITI in a number of areas. These include 90% attendance and participation by Multistakeholder Steering Group members at various undertakings, the establishment and staffing of a capable secretariat, the approval of a costed work plan and the mobilization of resources for a two-year fiscal period which ends in June 2009, as well as the completion of a legal review to determine possible legal impediments to the implementation of the LEITI.

Other progress listed by the LEITI include the execution of a Memorandum of Understanding (MOU) by stakeholders, formally committing themselves to the full implementation of the LEITI, the completion of a forestry scoping survey to investigate and advise on the application of EITI principles to the forestry sector, and the completion of draft reporting templates that provide for disaggregated reporting by both companies and agencies of government.

The development and ongoing implementation of a comprehensive communications strategy; and the implementation of a comprehensive community outreach program by which the LEITI is visiting various parts of the country and elsewhere to conduct stakeholder capacity building programs, were also listed among progress recorded in the work of the LEITI.

Taking Transparency to the Forestry Sector

-A Review of Dr. Brundell's Scoping Study

A scoping survey of the Liberian forestry sector has reported the absence of legal impediments to the implementation of the EITI in the forest sector. The report however noted several vital issues to be addressed, including illegal logging.

The survey carried out by Dr. Arthur Blundell, formerly a member of the UN Panel of Experts on Liberia, was supported by the African Development Bank, to investigate issues related to placing the forestry sector under the ambit of the EITI framework.

In its findings, the study noted that the "New Forestry Reforms Law (2006) of Liberia; National Forest Policy; National Forest Management Strategy; and the regulation promulgated there under by the FDA, all impose on the Government and logging companies extensive disclosure and reporting requirements that are consistent with (if not in excess of) the requirements of the EITI."

The report however noted that the EITI will have a major methodological challenge in handling the number of companies and operators that are involved in the exploitation of timber, though it also found that the accounting for forestry taxes with the LEITI should be relatively straightforward.

Dr. Blundell's recommendations centered on consumer countries complementing the LEITI initiative by the application of greater due diligence on their parts; while there should be an imposition of reporting requirements on all operators and persons dealing in timber and rubber wood.

According to him, the LEITI extension to the Li-



berian forestry sector is widely expected to bring further stability to the running of that sector and ultimately serve in improving the national revenue base, considering that the forestry and mining sectors bear much blame for fueling instability in the West African sub-region during a decade and half of mayhem that characterized the area.

Other recommendations included the adoption of "clear law or defining the authority and jurisdictions of national and local authorities as well as among ministries of the national government regarding who has authority to award contracts for public, community, and private lands," noting that there should also be proper coordination between the various authorities to avoid contested jurisdictions which lead to overlapping and/or contradictory regulations.

This, according to the report, will ensure that community rights are properly respected; and that one plot of land is not issued as a concession to a logging company, a plantation to an agriculture company, and a mining company.

The report also called for the LEITI to be complemented by greater due diligence from consumer countries through such exemplary initiatives as the European Union's Voluntary Partnership Agreements, as well as

considering the Chain of Custody System. Further to the report and its recommendations, the Secretariat of the LEITI has proposed a special meeting of the Steering Group to take appropriate decisions relative to going forward.

The review of the forest sector is altogether unique among EITI implementing countries, and was brought about by the LEITI in view of the fact that problems faced by the extractive industry were generally present in the forestry sector.

The LEITI, after considering this issue and noting the fact that it lacked the experience regarding the disclosure and publication of forest taxes and revenue in its reporting procedure, commissioned a scoping study to determine what needed to be considered for it to include forestry in its program.

Sierra Leone, Liberia Share Notes on EITI Implementation

In a bid to consolidate the implementation of the Extractive Industries Transparency Initiative (EITI) in the Mano River Union basin, a three-man Sierra Leonean Delegation, comprising Mr. M. S. Kebe of the Ministry of Presidential and Public Affairs, Mr. Andrew Keili of the Sierra Leonean EITI Secretariat and Mr. Allison George, World Bank Consultant, recently visited Liberia. The Sierra Leonean EITI Delegation's trip was facilitated by the World Bank.

While in the Country, the Delegation attended a regular meeting of Liberia EITI Multi-Stakeholders Steering Group where both Sierra Leone and Liberia shared notes regarding challenges faced in the implementation of the Initiative. In separate remarks, the head of the Delegation and the World Bank Task Team Leader for EITI Implementation in Liberia, said even though Sierra



Leone initiated the EITI Concept, steps taken by Liberia demonstrate that the Country was making significant strides, worth emulating.

The Delegation also held talks with other LEITI Stakeholders in the Country, like the Ministers

of Lands, Mines and Energy (LM&E), Finance, among others, in continuation of sharing experiences regarding the difficulties or challenges and the prospects in the implementation of the EITI Process in both countries.

LEITI Seeks to Promote Transparency Over Taxes and Revenues

-Warner tells Monrovia Rotary Club

The Head of the LEITI Secretariat has told members of the Monrovia Rotary Club that the mandate of the LEITI is to specifically intervene in promoting transparency over taxes and revenue. He said the LEITI process works under the assumption that if accurate information is provided to the public about the amount of mineral taxes and revenues, a fact based conversation will be triggered about the amount and use of this revenue.

He added that this will enhance the level of fairness that characterizes such distributions.

Cllr. T. Negbalee Warner spoke in August at an invitation extended by the Rotary Club. The Rotary Club is an international service organization with a "stated purpose... to bring together business and professional leaders to provide hu-

manitarian service, encourage high ethical standards in all vocations, and help build goodwill and peace in the world."

Earlier, Cllr. Warner shared with Rotarians a summary of the LEITI's scope, benefits and current implementation status, in which he explained that the Liberian EITI was part of a global initiative that is being implemented in more than 25 countries in Africa, Asia and beyond as one response to the "resource curse" that has plagued many resource-rich countries like Liberia.

According to Cllr. Warner, the EITI exists to address the problem of the resource curse by contributing to improved resource governance through the disclosure, publication and dissemination of the data of mineral taxes and revenues.

In response to other questions, Cllr. Warner ex-

plained that the reliability of the LEITI reports is assured by the presence of credible civil society groups, development partners and private firms, as well as required attestations by external auditors of reporting stakeholders and the independent reconciliation of those reported data by internationally recruited auditing firms.

With reference to claims that the LEITI is duplicating the functions of existing government agencies, the LEITI Head clarified that whatever data produced by government agencies did not publish taxes and revenue simultaneously, were not subject to independent reconciliations, and did not arise from the multistakeholder framework that is a requirement of the LEITI.

Rotarians present at the meeting included former Chief Justice Henry Reed Cooper, the Chairman of Ecobank Liberia Pewu Subah, former Finance Minister Francis Karpeh, Mr. Emmett Gooding of the Liberia Chamber

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LEITI Holds Technical Workshop



The Liberia Extractive Industries Transparency Initiative (LEITI) on 3 December 2008 held a one-day technical Workshop aimed at explaining the contents of the requirements for LEITI's first Report, the procedures and timelines for government and companies in the Industries to account to various stakeholders about their transactions.

An independent administrator and reconciler, Crane White and Associates, facilitated the Workshop; while participants were drawn from mining, oil and logging companies, as well as, representatives of the Ministries of Finance, Lands, Mines, and Energy. Other participants included the National Oil Company of Liberia (NOCL) and the Forestry Development Authority (FDA).

At the opening ceremony, Hon. Augustine K. Ngafuan, Minister of Finance and Chairperson of the LEITI Multi-Stakeholders Steering Group at the Workshop, said over the years, Liberia's natural resources have been exploited and taken away by companies which provided little or no meaningful benefits to the people. He said the exploiters were only interested in polluting Liberia's environment and encouraging corruption in government; a situation that led to the fuelling of conflicts and wars. Minister Ngafuan however, said in order to put a corrective measure in controlling funds accrued from extractive industries, on 7 May 2007, President Ellen Johnson-Sirleaf issued a Policy Note-endors-

ing the international principles and criteria of the Extractive industries Transparency Initiative (EITI). The issuance of the Note by the President, formally commits Liberia to the full implementation of the EITI.

A Multi-Stakeholders Steering Group, comprising representatives of the Government, the private sector and civil society, Minister Ngafuan disclosed, was also constituted by the President-with the authority to lead the implementation of the Initiative. To further affirm its commitment to the process, the Government issued an appropriate proclamation-obliging all relevant agencies of government and companies to fully comply with the reporting requirements of the LEITI. Additionally, the drafting of a legislation to make the LEITI a standing public agency, is another boost in ensuring that the process is achieved; thus benefiting the Liberian people.

Minister Ngafuan said given all of the above moves by government, the meeting of the minds was therefore important, not only for the technical discussions it engendered, but because it was "a useful opportunity for interactions between the international auditors and the reporting agencies and companies, as well as, among all LEITI Stakeholders."

He then urged participants to maximize the opportunity of the workshop in order to deepen their understanding of the LEITI process, especially its reporting requirements and the benefits the Initiative will offer.

LEITI Engages Capitol Hill

The seat of the Liberian Legislature, the Capitol Building in Monrovia, was no less the venue when the Liberia Extractive Industry Transparency Initiative (LEITI) engaged the Speaker and members of the House of Representatives on July 8, 2008. In attendance at that meeting were Speaker Alex Tyler, Deputy Speaker Tokpa Mulbah and an array of Representatives from Bong, Gbarpolu, Grand Cape Mount, Sinoe, Maryland, Nimba, Margibi and Montserrado Counties.

Assisted by members of the LEITI Steering Group and Secretariat, the Head of the secretariat, Cllr. Negbalee Warner, explained to the lawmakers the policy and practical backgrounds to the establishment of the EITI initiative, the objectives and benefits of the Liberian EITI, and the current implementation status.

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The LEITI team also shared with members of the House the composition of the LEITI in respect to the three groups of stakeholders, namely the government, civil society and private sector, which constitute a Steering Group.

In the ensuing discussions, the lawmakers sought clarifications on several issues, including the funding of the secretariat, plans for expansion, revenue disclosure strategies, communities' benefit from the process, resource management, as well as the relationship between the secretariat and the government.

Among other answers, the LEITI team disclosed that the initial funding for the secretariat was provided by government, but indicated that other sources of support have been provided through the World Bank, the African Development Bank and a French Government grant to the Liberian Government.

As regards communities' benefits, the LEITI team informed the lawmakers that this is solely within the purview of the legislature or what is reflected in the concessions agreement.

Cllr. Warner, on behalf of the LEITI said the body is mainly responsible to ensure transparency in the disclosure of revenues and taxes.

LEITI FACT SHEET

What is the LEITI?

The LEITI is an acronym for the Liberia Extractive Industries Transparency Initiative

When was LEITI established?

The LEITI was established on May 7, 2007 by the Government of Liberia in collaboration with civil societies and extractive companies. The key instrument establishing the LEITI are (1) the May 7, 2007 policy note issued by the Government of Liberia formally declaring its commitment to implement the criteria and principles of the EITI; and (2) the May 7, 2007 resolution on LEITI signed by authorized representatives of the Government, Civil Society and private sectors as well as development partners.

Is the LEITI a government agency?

No. The LEITI is actually a tripartite partnership among:

1. The Government of Liberia;
2. Civil Society; and
3. The Private Sector;

What is the objective of LEITI?

The objective of LEITI is to ensure transparency over taxes and other fees paid by extractives companies and the corresponding revenues received by the government

What is the scope of LEITI?

The scope of the LEITI covers transparency over payment and revenue collected with the following sectors:

- 1 The Oil sector

2 The Mining Sector; and

3 The Logging Sector

While the logging is not an extractive sector, it has been included under the LEITI for strategic reasons to ensure the revenues from the forestry sector are properly accounted for and not mismanaged as was done in the past.

What is the LEITI mandate?

The mandate of the LEITI consists of regular disclosure, audit/reconciliation, publication and broad dissemination of:

- All materials payment made by oil, mining and logging companies to the government, and
- All material revenues received by the government from oil, logging and mining companies.

What are the benefits of the LEITI?

1. LEITI is a useful tool for bringing widely dispersed financial information into one place and presenting it in an understandable manner;
2. It brings together holders in a collaborative process which, in the long term, builds trust between previously or sometimes suspicious organizations;
3. By creating transparency in one part of the resource governance chain, the LEITI builds demand for greater transparency in other transactions, other sectors, and even other agencies;
4. While it is not the kind of tool which will easily identify corruption, the regular pub-

lication of payments and revenue information can help guide against corruption by creating a culture of independent scrutiny and audit;

5. The LEITI helps improve the reputation of genuine reformers (both governments and companies);
6. A lot resource-driven conflicts have origins in suspicion over who is benefiting from resources and what groups are not getting their fair share. The LEITI can, in a small way, mitigate some of these tensions by ensuring that there is accurate, independently compiled, understandable information about the amount of money (tax revenue) paid and /or collected; and
7. In a few cases it has identified questionable practices in companies, in terms of how they access their tax liability. This has the potential to generate more revenue from the government.

Are there other benefits of the LEITI?

Yes. These additional benefits include:

1. Improved investment climate; and
2. Improved relationships between companies, communities and the government.

How is the LEITI funded?

The LEITI is funded by the Government of Liberia, The World Bank, The African Development Bank, United Nation Development Program (UNDP) and other donors. In the long run, the LEITI should be supported mainly by the Government of Liberia and other stake holders.

What can Liberians do to make LEITI succeed? Every Liberian has a vital role » *page 7*

LEITI Retreats in Robertsport

Superintendent of Grand Cape Mount County, Honorable Catherine Watson Khasu said constant disputes over ownership of land and natural resources was troubling and presented a significant threat to peace and social harmony. She said it was important that these issues be addressed adequately through appropriate policy measures and outreach mechanisms. The Superintendent described the LEITI as a fine initiative, and called on all Liberians to support it. She also called on the LEITI leadership to conduct a nation-wide outreach in order to sensitize more Liberians about the value of the initiative.

The Keynote address at the Retreat was delivered by the Minister of Internal Affairs and then Acting President of the Republic of Liberia, Honorable Ambulai Johnson. In his address, Hon. Johnson said the LEITI was established to promote transparency over all payments made to Government by mining, oil and logging companies and the corresponding revenues received by all agencies of Government from the above-men-

tioned companies. "This transparency will enable the Liberian people to know the figure of received forest and mineral revenues, thereby empowering the people to demand better use of the revenues", Mr. Johnson stated.

He emphasized that "LEITI is very important for better resource management and good governance, and it is for this reason that the Government has committed itself to the Criteria and Principles of implementation." In his concluding statement, Honorable Johnson lauded the LEITI MSSG for progress to date and urged them to develop an action plan by and thru which the LEITI would be communicated more effectively to the Liberian people, especially traditional leaders and other illiterate Liberians. He specifically called for the use of community radios to broadcast drama and other concise LEITI messages, using both simple English and the various vernaculars.

Also speaking at the workshop was the Representative of Grand Cape Mount County, Honorable Matthew

Darblo who suggested the need for the enactment of an LEITI Bill that will formally establish the LEITI and make its implementation (including reporting requirements) binding on all mining, oil, and forestry companies as well as relevant Ministries and Agencies of Government.

Relative to the capacity building aspect of the workshop, the Head of Secretariat, Cllr. T. Negbalee Warner made a presentation aimed at deepening stakeholders understanding of the EITI process. In his presentation, "Overview and status of the LEITI, and Ensuring the Success of the first LEITI Report and Validation", Cllr Warner said that the LEITI is aimed at improving resource governance so that mineral revenues can benefit the entire nation.

Cllr. Warner observed that all natural resources are owned by the citizens of every country; that the proper use of the resources is the responsibility of governments; and that the poverty of most resource-rich countries such as Liberia is due to the mismanagement of their natural resources or the revenues that come from extraction of those resources.

"It is the strange phenomenon of abject poverty and conflicts in the midst of abundant natural resources that is called 'resource curse'" he reasoned, adding that a successful implementation of the EITI is one way to address the resource curse.

Cllr. Warner told the gathering that the EITI process can help to address the 'resource curse' by ensuring publication of data of revenues from extractive industries in order to enable society know the figures of the revenues and demand better use of the revenues.

The Head of Secretariat also spoke of on-going efforts to prepare and publish Liberia's first EITI Report by February 2008 and outlined various factors that needed to be considered as Liberia prepares for the first validation on the EITI.

The Chairman of the Liberian chapter of the Publish What you Pay Coalition, Mr. Martin F. Kerkula also made a presentation on the topic "Importance of Communications and Public Outreach in the EITI Process". Mr. Kerkula emphasized the need for communication in the implementation of the EITI, adding that the EITI was basically about communications. He also discussed the outline of an effective strategy for the communication of the LEITI.

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in ensuring the success of the LEITI. All Liberians can contribute to the LEITI in any or all of the following ways;

1. To disseminate LEITI information;
2. Participate in activities of the LEITI
3. Discourage and report smuggling and other illegal activities in the oil, mining and logging sectors.

Does the LEITI have any legal means to enforce its reporting requirements?

Yes. In addition to the May 7, 2007 policy note, there is also a specific proclamation that was issued by the government on September 10, 2008 reaffirming the LEITI and compelling all agencies of government and extractive companies to comply with requirement of the LEITI or face sanctions.

LEITI Technical Workshop

"a useful opportunity for interactions between the international auditors and the reporting agencies and companies, as well as, among all LEITI Stakeholders."

He then urged participants to maximize the opportunity of the workshop in order to deepen their understanding of the LEITI process, especially its reporting requirements and the benefits the Initiative will offer. He said given Liberia's bitter experiences with the exploitation of its resources, it is incumbent on both government and the private sector to ensure that the Liberian people are confident that they will get a fair share of their natural resources. "The one major way this can be done is by letting everyone know the operations of logging, mining and oil companies, including the taxes they will pay to government and government's account and use of those tax revenues," Minister Ngafuan emphasized.