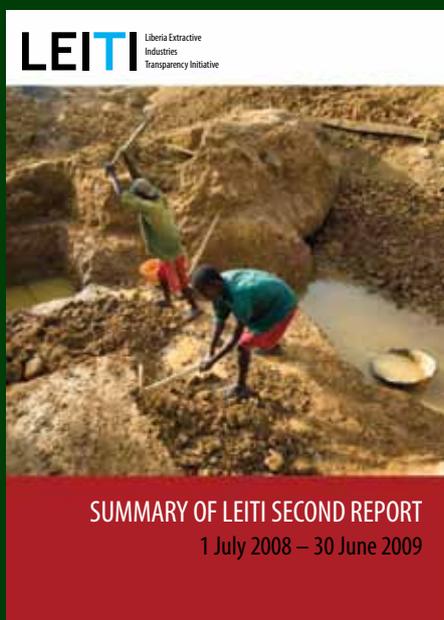




## LEITI GAINS EITI COMPLIANT STATUS



### LEITI Publishes its Second EITI Report

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d'Ivoire, Gabon, Ghana, Kazakhstan and Kyrgyzstan, Mongolia, Nigeria, Republic of the Congo and Timor Leste which have all formally initiated the Validation process.

Validation is EITI's quality assurance mechanism that evaluates EITI implementation in consultation with stakeholders. It verifies achievements with reference to the EITI global standard, and identifies opportunities to strengthen the EITI process going forward.

The validation of Liberia's EITI implementation began March 2009 and the final report was submitted on July 23, 2009. This compliant status makes Liberia the first country in Africa and the second country in the world to have completed validation. Azerbaijan is the only other country in the world to complete validation.

The EITI is a coalition of governments, companies, civil society groups, investors and international organizations that sets a global standard for transparency in the extractive sector. With good governance, the exploitation of these resources can generate large revenues to foster growth and reduce poverty. However, when governance is weak, it may result in poverty, corruption, and conflict. Therefore, Extractive Industries Transparency Initiative (EITI) aims to strengthen governance by improving transparency and accountability in the extractive sector.

The Liberia Extractive Industries Transparency Initiative (LEITI) is part of this global program that promotes transparency over mineral revenues through regular disclosure, verification and publication of data of all payments and revenues connected with the operations of logging, oil and mining companies.

## LEITI GAINS EITI COMPLIANT STATUS

**L**iberia is EITI Compliant. The country was designated EITI compliant on Wednesday, October 14, 2009 by the EITI Board during the Board's 10th Meeting in Baku, Azerbaijan.

Announcing the board's decision following a review of Liberia's validation report, Dr. Peter Eigen, Chairman of the EITI Board stated: *"The Board congratulates the Government of Liberia and all the other stakeholders on the impressive progress made implementing the EITI"*.

Chairman Eigen noted: *"Liberia is the first African country to be designated EITI Compliant. It is the first country to have included the forestry sector in its reporting. It has also undertaken extensive dissemination work to building community engagement in the EITI process. The success of Liberia in reaching EITI Compliance demonstrates what govern-*

*ments, companies and civil society can achieve when working together and political will is firmly behind the process."*

The Board reviewed recent developments in Azerbaijan, including an agreement by the Government, companies and civil society organizations to formalize a multi-stakeholder group and to agree a new work plan. The EITI Chairman noted: *"Azerbaijan was the first country to be designated EITI Compliant, and stakeholders are continuing to work together to form a robust platform that will promote revenue transparency. We will continue to follow progress in Liberia and Azerbaijan as they develop and strengthen their EITI processes to improve the management of their significant natural resources."*

The EITI Board also reviewed progress in other implementing countries including Cameroon, Côte

## RECRUITMENT OF NEW HEAD OF SECRETARIAT

**T**he first Head of Secretariat, Cllr. T. Negbalee Warner, resigned as Head of the LEITI Secretariat following over two years of service to the Liberia Extractive Industries Transparency Initiative (LEITI). Cllr. Warner, who many described as the driving force which propelled the LEITI to become the leading EITI implementing country in the world and the first EITI compliant country in Africa and second in the world, stepped back in active legal practice on January 16, 2010.

Upon notifying the LETI of his resignation, the Steering group constituted a six-persons recruitment

committee, headed by the Co-chairperson of the LEITI MSG and Minister of lands, Mines, and Energy, Dr. Eugene H. Shannon, to coordinate and conduct the recruitment of a new Head of Secretariat. The committee through the Project Financial Management Unit published vacancy notice both locally and internationally for the post of Head of Secretariat. A total of eighteen applications were received and only seven candidates were shortlisted. The interviews were conducted on December 16, 2009 and the Processes leading to the finalization of employment contract to the most responsive candidate is ongoing.



## DRIVERS OF PROGRESS IN EITI IMPLEMENTATION IN LIBERIA

**F**ollowing fourteen (14) years of civil crisis, the government and people of Liberia in May 2007 established the Liberia Extractive Industries Transparency Initiative (LEITI) as one of the key pillars of governance/integrity to support the reconstruction of the economy, governance and overall social development of Liberia.

Within a relatively the short period (two-year) of its

existence, LEITI has become the leader in EITI implementation worldwide. Indeed, LEITI is recognized globally for (1) its rapid implementation progress; (2) its extended scope that include the forestry and agriculture sectors; (3) the shared commitment and engagement of all its stakeholders; and (4) the exemplary political will that underpins the foregoing achievements and distinctive features.

### OUR MILESTONES

**1 Widest Scope:** Liberia is the first and only country in the world to include forestry and agriculture in its EITI program in addition to the mining and oil sectors. Although forestry and the agriculture sectors are not required by the international EITI rules to be included in a national EITI program, Liberia opted for their inclusion in order to widen/spread the transparency nest across the main export earners.

**2 Contract Transparency:** Liberia is the first country to include contracts transparency in its EITI program. LEITI requires (1) the disclosure and publication of all agreements and concessions in the mining, oil, forestry and agriculture sectors, and (2) the periodic audit of

such agreements and concessions to ensure that they are/were awarded in keeping with applicable laws. Presently, the LEITI has been given copies of all concessions, contracts and agreements concerning operations in the mining, oil, forestry and agriculture sectors. Anyone can access these agreements. Hence, Liberia is once again showing leadership in rejecting the questionable argument of “commercial confidentiality” which some have cited as a basis not to disclose concession agreement in the extractive sectors.

**3 Pace-setting Progress:** Liberia is the first EITI country to (1) publish an

EITI Report and (2) complete EITI validation within the two-year period set by the EITI Board.

**4 Dedicated EITI Legislation:** Liberia is the second EITI implementing country to have a dedicated EITI legislation. The only other country with EITI legislation is Nigeria.

**5 Political will:** Much of the progress in Liberia relative to EITI implementation is due to an abundance of political will for the EITI process and transparency in general. The EITI has therefore been specifically named as key components of the Government Poverty reduction Strategy (PRS) and the National Anti-Corruption Strategy (NACS). The personal sup-

port of the President is the single most important driver of the LEITI progress. The President's office has been opened to the LEITI, and the President has been actively seized of matters concerning LEITI. The president launched the First LEITI Report early 2009, and also led the LEITI delegation to the 2009 EITI international conference in Doha, Qatar.

**6 Positive Support of Other Government officials:** The LEITI is also indebted to the high support of key ministers designated to lead EITI implementation. The National Legislature also deserves recognition for its continuing support and the speedily passage of the LEITI Act.

**7 Mass Public Support:** Many Liberians are amazed in seeing the LEITI Report, which contains specific tax details that

were many years hidden from them. They are therefore very supportive of LEITI. It was in response to the requests of some of these Liberians that the LEITI included the agriculture sector in the scope of LEITI.

**8 Best Implementing Country Award:** based on its rapid progress and trend-setting performance, Liberia won the best EITI Implementing Country Award presented by the EITI Board in Doha, Qatar.

**9 Demonstration of Commitment through Adequate Support:** Despite limited financial resources and mounting post-war reconstruction needs, the Government of Liberia has provided increasing budgetary support for LEITI. The GOL contributed US\$50,000 to LEITI budget in 2006/2007; increased it to US\$100,000 in the 2008/2009

budget, and recently doubled it to US\$200,000.00 in the current budget.

**10 Effective Communications Strategy:** Liberia is among few EITI countries with comprehensive strategy for communicating the EITI. LEITI has put up billboards, visited and conducted outreach in all fifteen counties of the country. LEITI also engages with the electronic and print media to air jingles and drama. LEITI quarterly newsletters are widely read in and out of Liberia.

**Moving On:** In light of media reports about oil finds in Liberia and as the country prepares for more mining operations, the work of LEITI will become critical while public support for the initiative will be tested. One of our present tasks is to prepare for these future challenges.

## LEITI PREPARES FOR SECOND REPORT

In preparation for the LEITI Second Report, the LEITI Reconcilers, Moore Stephen LLP, the UK-based firm of Chartered Accountants organized and facilitated a one-day technical workshop for all reporting stakeholders.

The workshop was held on Wednesday, October 28, 2009 at the Krystal Ocean View Hotel, Mamba Point, Monrovia, Liberia. The workshop brought together over seventy (70) representatives of mining, oil, forestry, and agriculture companies operating in Liberia as well as

representatives of the Ministry of Finance, Ministry of Agriculture, FDA, NOCAL, the General Auditing Commission, etc. Also in attendance were representatives from civil society and Liberia's development partners. The Workshop provided an interactive forum for the reporting stakeholders and a two-man team from the new LEITI Reconcilers (Moore Stephens) to discuss (1) the LEITI Reporting templates, (2) procedures for completing the templates, and (3) the timetable and address for submission of the templates.

At the end of the Workshop, it was agreed that all companies and Government reports are to be audited or attested to by external auditors.

The LEITI Second Report covers the period July 1, 2008 to June 30, 2009 and is expected to report payment data of (1) all payments made to the government of Liberia by all oil, mining, forestry and agriculture companies; and (2) the revenues received by the relevant agencies and Ministries of Government from the above-mentioned companies.

## EITI CHAIRMAN VISITS LIBERIA

The Chairman of EITI International, Dr. Peter Eigen along with Mr. Eddie Rich, Deputy Head of the EITI Secretariat, paid a three-day visit to Liberia from October 4-7, 2009. While in the country, the EITI Chairman met and held discussion with president H. E. Madam Ellen Johnson Sirleaf, officials of Government, the LEITI MSG, the donor community, the Private sector and the Civil Society. Dr. Eigen and Mr. Rich also found time to attend an LEITI

awareness and community outreach meeting in Bong Mines.

The awareness and community outreach meeting, which was in continuation of the LEITI communications and outreach program was held with citizens and residents of Fuamah District in Bong Mines, Bong County. The meeting brought together over 500 participants including the National Traditional Council of Liberia, the Superintendent and Officials of Bong County and members of the Bong Legislative Caucus. At the meeting,



## LEITI PUBLISHES ITS SECOND EITI REPORT

The Liberia Extractive Industries Transparency Initiative (LEITI) has completed and published its 2nd EITI Report covering the period July 1, 2009 - June 30, 2009 involving seventy-one (71) companies and five (5) agencies of Government. The Report was launched on Thursday, February 18, 2010 by the Minister of Finance and Chairman of the Multi-stakeholders Steering Group (MSG) of the LEITI, Hon. Augustine Kpehe Ngafuan.

The launching program was held at the Offices of LEITI, and attended by members of the Multi-stakeholders Steering Group (MSG), including representatives of the US Embassy, the British Embassy, UNDP, the United Nations Missions in Liberia (UNMIL) and civil society.

Launching the report, Hon. Ngafuan praised all LEITI stakeholders for their dedicated services that did not only lead to the successful completion of the LEITI 2nd report but also made Liberia to become the only EITI Compliant Country in Africa and the second in the World, adding that the Government of Liberia is much indebted to the stakeholders for their work.

According to Hon. Ngafuan, “the 2nd LEITI Report represents a significant milestone in the implementation of EITI in Liberia and the world at large because it is the first EITI Report to include the disclosure of payments by agriculture concessionaires.”

“The 2nd LEITI Report is both an affirmation and a testament to the commitment expressed by the President. It does not only build on the 1st

LEITI Report, it also enhances the reliability of the data and expands the sectors covered”, The LEITI Chairperson said.

Hon. Ngafuan disclosed that beginning February 18, 2010, the Report will be available on the LEITI website and hard copies will be distributed to members of the international community, the press and relevant agencies of Government and that in the coming weeks the LEITI will begin a massive dissemination exercise of the Report both locally and internationally.

Hon. Ngafuan said that the support of everyone was critical to the success of the LEITI and called on every Liberian to read the Report and use its content to contribute to our shared quest for accountability and democratic governance.

According to the Independent Reconcilers “at the end of the reconciliation, the remaining net differences amounted to US\$144,995.00 or 0.4% of the total amount declared by the Government agencies”. The LEITI Report showed total payments of US\$35,280,234.00 made by the extractive companies matched against a total of US\$35,425,230.00 confirmed as received by the Government of Liberia. The report covered companies operating in the following four sectors: (1) mining; (2) Oil; (3) Forestry; and (4) Agriculture. Of the four sectors covered by the LEITI,



the agriculture sector made the highest payment to the Government of US\$18.3 Million which represents 51.69% of total revenue received, followed by the Mining Sector with a total payment of US\$10.75 Million dollars or 30.50%.

The LEITI is part of a global initiative called the EITI which seeks to promote transparency over mineral revenues with the hope that the increased transparency will contribute to proper utilization of these revenues.

Meanwhile, a total of six (6) companies operating in the Mining and agriculture sectors were fined US\$1,000.00 each for failing to submit payment data to the Independent Reconcilers during the reconciliation process.

A copy of the LEITI Report can be downloaded from the LEITI website [www.leiti.org.lr](http://www.leiti.org.lr) or a copy can be obtained at the LEITI Secretariat, 4th floor, Ministry of Finance Building.



the National Traditional Council of Liberia gowned the EITI Chairman and the EITI Deputy Head of Secretariat, and gave each of them a traditional Liberia name.

The visit of Chairman Eigen to Liberia was his first to the Mano River Region in furtherance of the mounting recognitions Liberia continue to receive for its ambitious, expansive and pace-setting national EITI program.

Chairman Eigen has been consistently appreciative and supportive of Liberia's progress to improve its resource governance through implementation of the EITI process.

He was a principal supporter of the award presented to Liberia in Doha, Qatar as the best EITI implementing country. Recently, Dr. Eigen spoke of the passage of the Act creating the LEITI as “a further signal of the commitment of the Government of Liberia to improve the management of their abundant natural resources.” He further expressed admiration for how Liberia has taken the initiative, adapted and extended it to address the key issues in the country, and praised the LEITI as an excellent precedent for other implementing countries in the region.



## LEITI HOLDS 2-DAY WORKSHOP WITH CIVIL SOCIETY ORGANIZATIONS

In furtherance of the LEITI plan to enhance the capacity of Civil Society Organizations (CSOs) on the EITI process in Liberia and to engage these CSOs in the LEITI community outreach and awareness activities, a two-day workshop

was held with leading CSOs from eight counties including Montserrado on February 19 & 20, 2010. The workshop which was organized and funded by the LEITI brought together over thirty two participants from eleven CSOs including Centre for Transparency and

Accountability in Liberia, Liberia Democratic Institute, Foundation for International Dignity, South Eastern Women Development Association, FLY, WIPNET, etc.

Mr. Thomas Doe-Nah, Executive Director of CENTAL; Mr. John Deah, Acting Head of the Liberia Timber Association; Mr. Martin F. Kerkula, former Chairman of the Publish what You Pay Coalition; and Mr. Edward R. A. Smith, Acting Head of LEITI Secretariat served as facilitators at the Workshop. The workshop discussed the 2nd EITI Report of Liberia, Understanding the EITI Report and using it to demand accountability, Communicating the EITI (simple Liberian English), and the benefits of implementing the EITI.

The workshop also discussed other practical ways which the EITI can be easily communicated to the inhabitants of our local communities. The City Mayor of Buchanan, Grand Bassa County made the opening remarks while Honourable Julia Duncan-Cassell made the closing remarks. At the close of the workshop, several civil society organizations were selected to work with the Secretariat in each county to disseminate the 2nd LEITI Report.

## GTZ EXPRESS READINESS TO SUPPORT LEITI

The GTZ through its Regional Resource Governance Program held a meeting with the LEITI Secretariat on March 2, 2010 in the offices of the LEITI Secretariat. The was represented by Mr. Lutz Neumann, project Director for GTZ Resource Governance in West Africa, and Mr. Peter Kluczny who is the project manager based in Liberia. Mr. Lutz expressed the willingness of their organization to support LEITI in the areas of dissemination of information, sub-national outreach and capacity Building. They also expressed their desire to explore other areas in which they could be of support the LEITI program without duplicating efforts of other donors. Mr. Neumann informed the Secretariat that they have selected the LEITI as their first area of intervention under their Regional Resource Governance Program.

The Deputy Head of the Secretariat, Mr. Edward R. A. Smith, in response thanked the delegation for the visit and the expressed willingness. He informed them that

the LEITI published its second EITI Report on February 18, 2010. He also acquainted the delegation with the needs of the LEITI, especially in the areas of dissemination of information, outreach and capacity building of civil society organizations, company representatives and members of the Legislature, with a focus to deepen their understanding of the LEITI process thereby preparing them for greater and meaningful participation in the activities of the LEITI. He also emphasized the need for capacity building for staff of the Secretariat.

Mr. Smith also provided clarification to the concern of the delegation regarding funding duplication by informing them that there were still program areas of the LEITI to which GTZ support can be directed, given that some of the organizations who had earlier promised budgetary support to the LEITI for 2009/2010 Fiscal Year did not deliver resulting in a budgetary shortfall for the year.

The Former Head of Secretariat and Consultant to the LEITI, Cllr. T.

Negbalee, who also attended the meeting indicated to the delegation that, in consonance with the LEITI Act of 2009, the LEITI has embarked on the process of contract award transparency whereby an independent consultant is being recruited to conduct a process audit of awards of contracts, concessions & licenses. He further said that LEITI serves as one of the depositories of agreements signed by the Liberian Government with individuals and companies in sectors covered under the LEITI program, and as part of the transparency drive, these agreements are available for public review. Cllr. Warner also disclosed that the second LEITI report incorporated reports from some gold and diamond brokers and dealers and that this experience could be shared with other regional EITI countries. He encouraged the GTZ delegation to consider the idea of sponsoring a Mano River Regional EITI conference, where countries of the region will engage in experience sharing and/or peer learning.

## LEITI RESOLVES ALL UNRESOLVED DISCREPANCIES CONTAINED IN ITS 1ST LEITI REPORT

**T**he 1st EITI Report of Liberia contained few unresolved discrepancies which LEITI MSG committed to resolve.

The LEITI MSG, through the Secretariat and the Project Financial Management Unit of the Ministry of Finance, competitively recruited a Certified Public Accountant firm, MGI-Monbo & Co to investigate and resolve all discrepancies contained in

the first EITI report of Liberia July 1, 2007-June 30, 2008.

MGI-Monbo & Co. led by its Executive Director, Mr. Sam D. Monbo presented the first draft of the report to the Steering Group on March 25, 2010 at the 34th MSG meeting. Following discussions, the LEITI MSG asked that the consultant produce a second draft considering all necessary corrections made. MGI-Monbo

& Co. agreed to submit the second draft within 7-man days upon working with few of the companies that were outstanding as well as consider the corrections which were made.

The final report for the resolution of the unresolved discrepancies is expected to be submitted to the LEITI on or before April 20 , 2010 and thereafter be published .

## LEITI IN PICTURES



EITI Chairman Dr. Peter Eigen and Madam Ellen Johnson Sirleaf



EITI Chairman and Delegation meet with President Sirleaf



LEITI Head of Secretariat, EITI Chairman and Deputy Head of EITI Secretariat hold a press conference at RIA upon arrival



LEITI Co-chair Dr. Eugene Shannon and EITI delegation



LEITI outreach & Dissemination Awareness Banner



LEITI Outreach and Dissemination in Kakata, Margibi County



Head of the Validation Team, Dr. Macfarlan at a meeting with Civil Society



LEITI extends Outreach and Dissemination activities to the Students of the United Methodist University



The superintendent of Bong County, Mr. Rennie Jackson making remarks at one of LEITI outreach meetings in Bong Mines



EITI Chairman holds meeting with the MSG

### LEITI Newsletter

Published by the LEITI Secretariat  
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