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## Acknowledgement

The LEITI MSG extends profound gratitude to all stakeholders of the EITI process who, in spite of the recent national emergency and calamities melted by the outbreak of the Ebola Virus Disease in the country, worked collaboratively to ensure the achievements delineated in this Report.

The Civil Society is lauded for its robust and aggressive advocacy role which is indispensable to the process; the private sector, for its broad commitment to adhere to disclosure requirements and make investments in Liberia more sustainable; and the Government, for providing the enabling environment which has helped to move the process forward. The MSG is also grateful to a host of international organizations, foreign governments and Liberia's many development partners without whose support the attainment of many of the deliverables listed in this Report would have been impossible. Special recognition is given to the World Bank, AfDB, GIZ, USAID, UNDP and UNMIL for their consistent support to the implementation of LEITI work plans over the years.

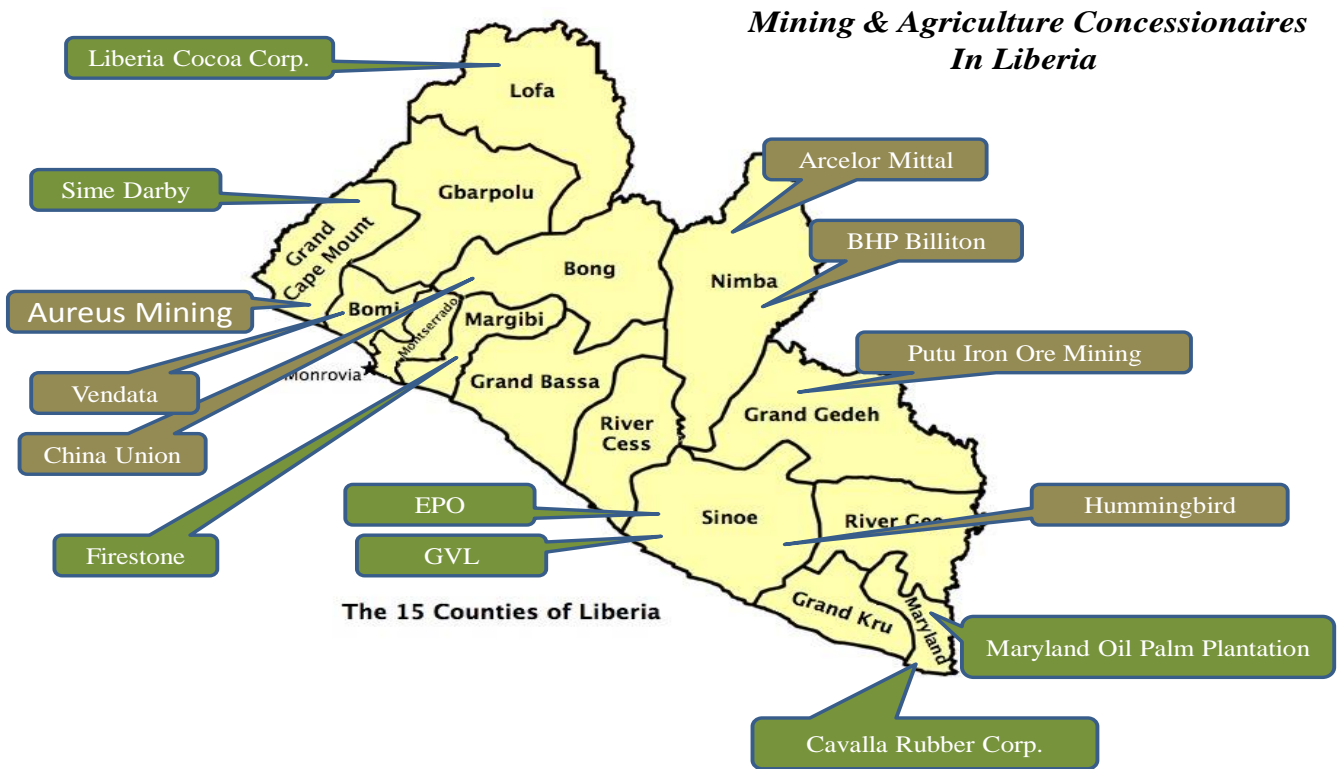
Ordinary Liberians are and have been crucial to the process. Their contributions and feedbacks particularly during our nationwide dissemination exercises, have led to many valuable reforms aimed at improving resource transparency in Liberia.

Special thanks also go to few civil society institutions who contributed immensely to the development of this report. The involvement of CENTAL, FLY, COYPED, GYACN and EMW in the review of the report has allowed for the inclusion of critical but constructive views that are essential to further reforms which would ensure that Liberians get maximum benefit from the exploitation and extraction of their resources.

Mr. Samson S. Tokpah, EITI Regional Director for Anglophone Africa, deserves commendation for his valuable support to the EITI process in Liberia. Though in Oslo, Norway, Mr. Tokpah has remained much engaged with the EITI process in Liberia in the scope of his regional directorship, providing very meaningful guidance. His insightful advice guided the drafting of this report.

Finally, the MSG is thankful to the staff of the LEITI Secretariat, under the current leadership of Mr. Konah D. Karmo, for their level of commitment, professionalism and team work that have made possible the many gains LEITI continues to make in advancing resource transparency in Liberia. The productive performance of the few Secretariat staff, in the midst of logistical and other challenges, is evident of their patriotism.

# Map of Major Concessions in Liberia



*National Investment Commission*

## Legend

Mining Concessions

Agriculture Concessions

**Curtsey:** National Investment Commission (NIC)

## Acronyms

AfDB	African Development Bank
AML	ArcelorMittal Liberia
BOD	Beneficial Ownership Disclosure
CBL	Central Bank of Liberia
CENTAL	Center for Transparency and Accountability in Liberia
COYPED	Coalition of Youth for Peace and Development
DC	Development Consortium
EITI	Extractive Industries Transparency Initiative
EMW	Extractive Media Watch
FDA	Forestry Development Authority
FLY	Federation of Liberian Youth
FY	Fiscal Year
GAC	General Auditing Commission
GC	Governance Commission
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit (German Int'l Development Agency)
GoL	Government of Liberia
GVL	Golden Veroleum Liberia
GODIMWUL	Gold and Diamond Workers Union of Liberia
GYACN	Global Youth Anti-Corruption Network
HOR	House of Representatives
LACC	Liberia Anti-Corruption Commission
LBR	Liberia Business Registry
LEITI	Liberia Extractive Industries Transparency Initiative
LMC	Liberia Media Center

LRA	Liberia Revenue Authority
LTA	Liberia Timber Association
MDAs	Mineral Development Agreements
MFDP	Ministry of Finance and Development Planning
MOJ	Ministry of Justice
MSG	Multi-stakeholders Steering Group
MIA	Ministry of Internal Affairs
MLME	Ministry of Lands, Mines and Energy
MoA	Ministry of Agriculture
NBC	National Bureau of Concessions
NCB	National Competitive Bidding
NCSCCL	National Civil Society Council of Liberia
NOCAL	National Oil Company of Liberia
NTCL	National Traditional Council of Liberia
ODI	Oversea Development Initiative
PFM	Public Financial Management
PPCC	Public Procurement and Concession Commission
PWYP	Publish What You Pay Coalition
REOI	Request for Expression of Interest
RFQ	Request for Quotation
SDF	Social Development Fund
STOAP	Strengthen Transparency, Oversight and Accountability Project
TOR	Terms of Reference
UNMIL	United Nations Missions in Liberia
USAID	United States Agency for International Development
WONGOSOL	Women NGO Secretariat of Liberia

## Background/Introduction

Liberia was admitted as an Extractive Industries Transparency Initiative (EITI) candidate country in 2008 and was the first African country and the second globally, to become EITI compliant in 2009.

Liberia's decision to implement the EITI was historically influenced. For decades, Liberia's natural resource wealth was at the center of the country's conflicts and the cause of most of its corruption. The Liberia Extractive Industries Transparency Initiative (LEITI), established by an Act of the National Legislature in July 2009, is an autonomous agency responsible for promoting transparency and accountability over the management of revenues from the extractive sectors. LEITI is a multi-stakeholders process, bringing together, the government of Liberia, civil society and investors in the extractive sectors.

Up to date, Liberia has published five EITI reports with the preparation of the sixth report in progress. More so, Liberia has made several other impressive records in EITI implementation. Liberia is yet the only country that has expanded the scope of the EITI beyond oil and gas and mining, adding forestry and agriculture; Liberia's post award process audit report launched in 2013 is a first of its kind in EITI implementation; and Liberia is amongst few countries that are currently piloting the EITI beneficial ownership disclosure exercise. These achievements have set Liberia at the panicle of global EITI acclamation and as role model in EITI implementation.

This Annual Activity Report has been developed to highlight progress made at implementing the EITI in Liberia in 2014. The publication of the report is also consistent with Requirement 7.2 of the EITI Standard which mandates the MSG of respective implementing countries to review the outcomes and impact of EITI implementation on natural resource governance. The Report has three main components. The first segment detailed an assessment of progress made against the LEITI 2014 Work Plan; the second highlights progress made towards implementation of EITI requirements and the third delineates overview of responses to recommendations made in previous Validation and other relevant reports.

Other essential information has been considered. These include a SWOT analysis of the EITI process in Liberia and details of the participation of other stakeholders, particularly the civil society in the development and review of the report. Finally, the Report contains information on the MSG during the reporting period as well as a summary of the implementation cost during the reporting period.

## Executive Summary

In late December 2013, the MSG approved a costed Work Plan for the 2014/15 fiscal year, embedded with several programs and activities designed to enable the LEITI achieve its goals in line with the EITI requirements and national agenda aimed at strengthening resource transparency.

Key amongst the programs delineated in the 2014/15 Work Plan were the preparation and dissemination of the 5<sup>th</sup> EITI Report for Liberia; the conduct of a second post award process audit; launching the LEITI Decentralization Program to ensure sustained public awareness about the EITI program in all 15 counties of Liberia, as well as further expanding the LEITI communications and outreach campaign to ensure increased public involvement in the EITI process with a particular focus on youth participation. The Work Plan also highlighted the needs for supporting the MSG through the development and implementation of a policy manual and rules of engagement; the conduct of a beneficial ownership disclosure exercise as part of the EITI pilot project; the development of a user-friendly data repository to enhance LEITI reporting; and the provision of effective support to strengthen the MSG and MSG Committees in implementation of their policy and oversight responsibilities amongst others.

Implementation of the Work Plan started as scheduled, but the outbreak of the Ebola virus disease in the country in early March 2014 posed huge challenges, affecting the execution of most of the activities. The disease, which became a major public health concern in West Africa (grossly affecting Liberia, Sierra Leone, Guinea and Nigeria), claimed the lives of over 2500 Liberians and left enormous catastrophic social and economic impact. At the height of the crisis in July 2014 as fear seized the country, most businesses, including investments in the extractive sectors, had halted operations. The government also instituted several measures in containing the disease including the closure of schools; reduction of staff in public offices; the prohibition of public gathering and the imposition of a nationwide curfew. In the wake of these circumstances, the MSG suspended its meetings and while the Secretariat managed to undertake what were achievable under the situation, a lot of the activities, particularly those requiring mass public gathering and the participation of stakeholders, were delayed.

However, as the situation improved and the government relaxed some of these restrictions, execution of the work plan resumed on full scale. In spite of the interruption caused by the health crisis, coupled with other challenges confronting the Secretariat, including human resource and other capacity constraints, a review of the elapsing year shows substantial progress against the target deliverables, a few mentioned below.

In June 2014, Liberia published its 5<sup>th</sup> EITI Report which recorded the total of US\$110 million as taxes received by the Government of Liberia from the extractive sectors during the Fiscal Year July 1, 2011 to June 30, 2012. The Report has an expanded scope, integrating revenue tracking and other contextual information. It has been disseminated to the 15 counties, ensuring that citizens understand the findings and are contributing to the debates around resource transparency. Procurement for the 6<sup>th</sup> Report has also been completed and the preparation of the Report is in progress.

Additionally, in fulfillment of recommendations from previous reports, user-friendly reporting software has been developed and hosted on line to enhance ease of the data collection process. The software will allow reporting agencies and companies to input their data directly into the system, circumventing the delays experienced with the use of the hard templates as well as improving data quality.

The LEITI Decentralization Program has also been launched. Fifteen persons recruited to serve as LEITI Focal Persons have been deployed in the 15 counties with the goal of promoting sustained public awareness about the LEITI in these counties. On another front of the outreach campaign, LEITI's engagement with the youth continued to gain increased momentum. The Extractive Club Program was extended to five (5) additional schools, bringing the total of participating schools to fifteen (15). Series of activities were implemented at these schools in and around Monrovia where LEITI has been working with over 200 hundred students to promote amongst them the value of integrity and increase their understanding of the extractive sector, thereby preparing them for greater leadership role in the near future. Other means of public information have been valuable, including the use of radio (i.e. jingles and dramas), social media and the regular publication of the LEITI newsletters which are circulated to stakeholders.

Finally, given the interruption caused by the Ebola situation as highlighted above and due to other challenges, some of the activities earmarked could not be fully implemented within the target period. For instance, the Beneficial Ownership Disclosure Exercise, Center of Excellence and MSG Feedback Mechanism projects have all been launched and substantial progress made against implementation. However, these activities are rolled to the next year and a complete update on their execution would be available during the following Annual Report.

## **I. Assessment of Performance against Target Activities in Work Plan**

Customarily, the annual work plans of LEITI have been aligned with the Government's fiscal term, which execution starts from July 1 of the current year to June 30 of the following year. This Report, being the substance of the 2014 calendar year, integrates components of both the 2013/2014 and 2014/2015 Annual Work Plans.

During the period under review, several programs and activities were approved for implementation particularly in support of meeting compliance with the EITI Standards and fulfilling other national requirements as captured by the LEITI Act of 2009. Substantial progress was made towards these target deliverables. Achievements against each target deliverable are catalogued below.

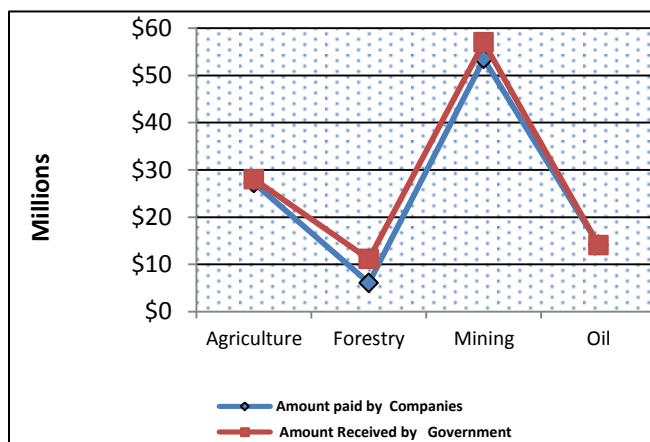
***Production, Publication and dissemination of Liberia's 5<sup>th</sup> EITI Report to include revenue tracking activities:*** The production of the 5<sup>th</sup> Report started in October 2013 with the approval of the TOR by the MSG and the recruitment of the firm Ernst and Young-Assurance (Ghana) in association with MGI Monbo and Company (Liberia) as Independent Administrator. Three (3) major workshops were held with reporting companies and relevant government agencies, ensuring that all stakeholders participated in the modification of the reporting templates. Also, during the workshops, crucial concerns related to the reporting process were addressed and clear instructions provided on the data collection process.



Several drafts of the report were circulated and after a progressive review process, the MSG approved the final draft and launched the Report on June 30, 2014. The 5<sup>th</sup> Report recorded the total of US\$110 million as taxes received by the Government of Liberia from the extractive sectors during the Fiscal Year July 1, 2011 to June 30, 2012. This represents a 7% increase in total receipts from the extractive companies, compared to the 4<sup>th</sup> Report after a double count of US\$15m in the 4<sup>th</sup> Report has been adjusted for.

Sectors	Amount paid by Companies		Amount Received by Government	
	Amount	Percent	Amount	Percent
Agriculture	27,217,903	27%	28,003,258	25%
Forestry	6,072,631	6%	11,110,035	10%
Mining	53,429,371	53%	56,961,469	52%
Oil	14,089,915	14%	14,071,894	13%
<b>Total</b>	<b>100,809,819</b>	<b>100%</b>	<b>110,146,657</b>	<b>100%</b>

The report also contains other considerable relevant data, as well as contextual information to ensure disclosure is comprehensive and the information is comprehensible. For instance, beyond reporting taxes and revenue data, the report tracked the allocation of the revenues; the full amount due as taxes to be paid by the companies and social contributions from the extractive companies. Significantly, beyond the scope of previous reports, the 5<sup>th</sup> Report captures data on the economic footprint of the extractive sector. It records that revenues from the extractive sectors accounted for 14% or US\$110.14 million of the total estimated Real GDP<sup>1</sup> of Liberia during the reporting period (estimated Real GDP of Liberia during the 2011/2012 fiscal year was US\$801.55 million). The extractive sectors also contributed 87% or US\$0.547 million of the total export value<sup>2</sup> of US\$0.626 million for the same period. The table and graph above summarize revenue contribution from the extractive industry per sector during the reporting period.



In addition to these findings, the 5<sup>th</sup> Report highlights several recommendations, key amongst which are the conduct of production audit across all sectors to help in determining amounts ought to be paid so that collection is improved; sanctioning of companies that failed to comply with the reporting process and the development of common reporting software that will ease data reporting and make information accessible to all stakeholders at all times. Progress on the implementation of these recommendations is reported against on Pages 22-24 of this Report.

In line with the LEITI Communications Strategy and Requirement 6 of the EITI Standard, outreach meetings were held nationwide allowing findings of the report to be discussed with citizens, particularly the locals. All fifteen counties were affected with these dissemination exercises with at least three major

<sup>1</sup> Central Bank of Liberia – Annual Report 2012

<sup>2</sup> Central Bank of Liberia – Liberia Financial Statistics, Vol. 15, No. 1, Jan – Feb 2013

populated and strategic locations reached in each county, as compared to only the county capitals targeted during previous years. A total of 12, 000 persons were reached nationwide including 7,650 males and 6,450 females representing different sectors of the society, including women groups, youths, the business community, physically challenged people and elders and local authorities in the counties. These dissemination exercises have enhanced awareness and citizens' participation in the debate around resource governance. During most of these discussions, citizens raised varied concerns including the status of companies that are engaged in prolonged exploration activities which is often used as one of the excuses by these companies to escape their social responsibilities to the communities; the lateness of the LEITI reports which makes it difficult to track the data and demand accountability from the companies, some of which had ceased operations in the country before the reports are published; and the need to have LEITI focal persons in each of the counties to enhance more sustained awareness about the EITI and the resource governance process in general. Contributions from the citizens have demonstrated the confidence they have reposed in the process and how transparency can promote peace and development.

Funding for these dissemination exercises came from combined grant supports from the World Bank and the African Development Bank.

**Procurement for the 6<sup>th</sup> Report:** The reviewed period witnessed, with support from United States Agency for International Development (USAID), the procurement of an Independent Administrator for the preparation of the 6<sup>th</sup> EITI Report for Liberia. The procurement process was competitive, followed Liberia's Public Procurement and Concessions regulations and met best international practice. Moore Stephens LLP (London) in partnership with Parker and Associates (Liberia) was therefore selected to serve as Independent Administrator to prepare the 6<sup>th</sup> Report and after further negotiations on the terms and conditions of the engagement, a formal contract was signed between LEITI and the firm. Work on the 6<sup>th</sup> Report has started.

***Conduct a second post award audit/review of material concessions, contracts, licenses, permits granted by the Government of Liberia in the sectors covered by LEITI from January 1, 2012 to December 31, 2012:*** Liberia's first Post Award Process Audit Report was launched in May 2013. The report, a milestone in the history of global EITI implementation, revealed several lapses in the processes leading to the award of 68 concessions contracts in the oil, mining, agriculture and forestry sectors between 2009 and 2011. Key findings include lack of stakeholder participation in the concession negotiation and award process; procurement missteps; and conflicting legislations amongst others. Findings of the Report have strengthened reforms and policy formulation aimed at enhancing contract transparency in Liberia's extractive sector.

The goal of conducting a second post award process audit / investigation as targeted in the 2013/2014 Work Plan, is to sustain the gains made so far and ensure increased and continuous transparency in the contract award processes. Portion of a US\$409,000 grant support from AfDB was therefore allocated to facilitate the audit. However, our initial review of the sectors shows that, in vast contrast to the 68 rights

examined during the first audit / investigation in 2013, only three (3) awards fall within the threshold and the scope of the planned audit. Given the scarcity of the contracts available, LEITI has determined that it would not be worth the effort to commit that much resource to the review process, especially to the extent and magnitude of the procurement methodology decided and detailed in the grant agreement with the Bank. Accordingly, Secretariat has planned to request change of the procurement method to enable it single source the audit / investigation of the few concessions for efficiency.

***In support of EITI new Standards, conduct and publish Beneficial Ownership Disclosure Report:*** In May of 2013, implementing countries of the EITI at its Global Conference held in Australia, adopted a New EITI Standard aimed at strengthening and advancing transparency in natural resource management to ensure citizens of resource rich countries truly benefit from the extraction of their natural resources. One of the requirements of the EITI Standard encourages EITI countries to disclose beneficial owners of corporate entities that operate and invest in extractive assets in their various countries.

Accordingly, the LEITI MSG, recognising the confidence and trust that this would foster amongst members of the public, approved the conduct of Beneficial Ownership Disclosure of companies operating within the agriculture, forestry, oil and mining sectors of Liberia, covering the period July 13, 2009 to December 31, 2013, making Liberia one of few EITI implementing countries to pilot this project. This action of the MSG is in line with the Government of Liberia's commitment to promote transparent resource governance and also within its own power "to adopt measures and take actions necessary for achieving the mandate and objectives of the LEITI", pursuant to Section 6.3(3) of the LEITI Act of 2009, which is further consistent with the Freedom of Information Law of 2008 (Section 2.2 (a)) and the Association Law of 1978 (revised 2002).

However, Liberia's efforts at Beneficial Ownership Disclosure (BOD), like many other activities planned by LEITI in the reporting period, were greatly affected by the Ebola epidemic situation in the country. At the height of the outbreak, government's restrictions on public gatherings and the reduction of staff in public offices as part of efforts to contain the spread of the disease prohibited MSG meetings, a situation that restrained policy directions that would inform the conduct of the Beneficial Ownership Disclosure (BOD), particularly discussing and agreeing the TOR. As the situation later improved and some of the restrictions relaxed, the MSG resumed its meetings and approved the TOR. Subsequently, the firm Baker Tilly Liberia, in collaboration with Hart Nurse United Kingdom, was contracted through a competitive procurement process, to conduct the audit exercise. Yet, by then, the Firm could not have done anything significant as most of the companies, listed to be covered by the exercise, were yet to resume operations after their closures sanctioned by the Ebola outbreak.

Nevertheless, the Beneficial Ownership Disclosure exercise is on course and considerable progress has been made against implementation. A detailed Inception Report produced by the Consultant earlier on contained several findings and useful recommendations that helped re-defined the scope and threshold of the exercise. The exercise, as per the approved TOR, would affect companies that were awarded contracts, permits or licenses for operation between July 9, 2009 when the LEITI Act was passed to December 31, 2013. However, it was modified that changes in beneficial ownership occurring in the

affected companies for the period up to June 30, 2014, would be included during the final database compilation process, only for the purpose of tracking those changes.

Additionally, the percentage materiality threshold was set to include all natural persons or institutions including state-owned or intermediaries, having ownership rights of not less than 10% in each of the entities in the mining, oil, forestry and agriculture sectors for the considered period. However, it was established that the dollar value of rights in three of these sectors—agriculture, oil and mining were quite substantial even where some did not meet the 10% threshold mentioned above, and therefore were material enough to be disclosed, especially if such rights belong to persons with entrusted authority. Hence, to avoid leaving out potential valuable and noteworthy information, the threshold was adjusted to 5% for the three sectors namely agriculture, mining (only for those with MDAs) and the oil.

With these varied factors considered, a total of 91 companies—four (4) from the oil sector; eighteen (18) from the forestry sector; fifty-eight (58) from the mining sector; and eleven (11) from the agriculture sector were identified and targeted for the exercise. Following two main consultations with these targeted companies and relevant government ministries and agencies including the MLME, LRA, FDA, NOCAL, NBC, MoA and LBR, during which instructions on the reporting templates were explained and other relevant concerns addressed by the Consultant and the LEITI Secretariat, the templates were distributed and the data collection process is in progress.

The number of target companies per sector is presented in a tabular form below.

Sector	Number of Companies targeted
Oil	4
Forestry	18
Mining	58
Agriculture	11
<b>Total</b>	<b>91</b>

With the challenges catalogued above in respect to the Ebola epidemic situation, adjustments were made in the implementation schedule. The BOD exercise is expected to be completed in August 2015. Hence, a comprehensive report of the entire process, including the findings and recommendations from the exercise and its overall outcome, will be included in the 2015 Annual Activity Report of the LEITI.

***Development and hosting of a User-friendly Data Repository to enhance LEITI Reporting:*** over the years, data collection during the preparation of Liberia’s EITI reports has been done manually. Collection of data has usually involved distribution of hard copies templates to reporting companies and related government ministries and agencies. These parties are required to fill the templates and submit the data to the reconcilers. This manual approach has made the work cumbersome, often contributing to delays in the reconciliation process. LEITI therefore envisaged developing a reporting software that would be hosted online, allowing all parties involved in the LEITI reporting process to have direct individual access

to inputting data, including tax payment data and revenue information which are relevant for the reconciliation process. The move is to reduce the rigors and intricacies associated with the reporting process and ensure the quality of data collected.

Through the UNDP-funded STOAP project which focuses on promoting public sector accountability, jointly being implemented by LEITI and several other anti-graft institutions namely the GAC, LACC and PPCC, a grant of US\$15,000 was secured to facilitate this undertaking. Under the grant arrangement, an ICT consultant was contracted by LEITI in August 2014 to develop the database, facilitate its hosting and provide hands-on training for users.

The development of the database is completed. Its design integrates several features that enhance data security and reliability as well as efficiency, including graphic user interface; authentication for security; automated state reporting and user-friendly interface. Additionally, the system is designed not only to allow the inputting of tax and revenue data, but a feature is incorporated as well that allows uploading of receipts of all requisite payments declared.

Following initial testing of the system, training was arranged for end users to ensure that they are familiar with and effective at using it. About five LEITI staff benefitted from the first phase of the training, including the Communications and Outreach Officer, two Sector Industry/Sector Analysts, the Technical Officer and the Communications Assistant for Media Relations. The training was focused mainly on configuring and managing the data repository; managing user accounts and generating reports; and data entry and modification. Ongoing roll-up trainings are planned to be conducted by these LEITI staff for designated staff of reporting companies and concerned government ministries and agencies.

Furthermore, the LEITI Secretariat has engaged the services of the private ICT consultancy firm—the HAK Technology—to deploy and host the database. The depository is now hosted online and can be assessed at: [www.leitidr.com](http://www.leitidr.com). Finally, it is anticipated that the system would be piloted during the 6<sup>th</sup> Reconciliation process. Once it has passed this stage of the quality assurance process, the data repository will be launched hopefully by the end of 2015 to be used during subsequent reporting cycles.

***Developing MSG Policy Manual:*** The MSG as the governing body of the LEITI is responsible for providing strategic policy direction and overseeing the EITI process in Liberia. Over the years, the lack of a structured instrument to guide the operations and thrust of the body had affected its decision making in many ways. The development of the Policy Manual was conceived to mitigate this challenge. In October 2014, the LEITI through a competitive tendering process hired an Individual Consultant to develop an Operation Manual which would lay out the relevant rules of engagement and serve as a policy framework of how the MSG would guide the implementation of the EITI principles in Liberia. The Manual has been developed and approved by the MSG.

Amongst other things, the manual covers rules, procedures, and regulations guiding the operations and decision making of the MSG; prescribes members' responsibilities and obligations relative to their

participation in the activities of the MSG; defines regular meeting dates and quorum for meetings; highlights the role of observers with respect to decision making and the overall conduct of the MSG; and encompasses code of conduct that will guide MSG members, and all those associated with LEITI process, in line with EITI Standard and local laws. Copies have been distributed to all MSG members. Soft copy is accessible on the LEITI website on the below link:

[http://www.leiti.org.lr/uploads/2/1/5/6/21569928/final\\_msg\\_policy\\_manual\\_xxx.pdf](http://www.leiti.org.lr/uploads/2/1/5/6/21569928/final_msg_policy_manual_xxx.pdf)

***Provide Effective support to strengthen the MSG and MSG Committees in their policy and oversight responsibilities in implementation of activities Scheduled in the work plan:*** As part of the AfDB grant support titled: “Technical Assistance and Capacity Building Support to the LEITI”, the Secretariat has signed agreements with WONGOSOL, Rights and Rice Foundation, National Labor Congress and PWYP as part of efforts to provide technical and direct financial support to stakeholders represented on the MSG to enhance their representation and feedback to their respective sectors and constituents with the goal of improving the overall MSG decision making process. A total of \$21,500 is to be made available to these four institutions with each receiving separate amount in line with their respective activities proposed for implementation. MSG Stakeholders from the mining, agriculture and forestry sectors are targeted to benefit from Phase II of this subsidiary support. However, The Mining and Oil sectors have declined to accept the support on policy grounds and lack of staff to coordinate it.

***Strengthening Outreach and Communications activities and decentralizing the LEITI Process:*** Strengthening public awareness of and participation in the EITI process is one of the areas currently emphasized by the LEITI. Despite the many globally acclaimed achievements made by LEITI, a perception survey of the LEITI process conducted by the independent media consultancy firm, the Liberia Media Center (LMC) in 2012 presents a low level of public awareness about the LEITI throughout the country.

The survey report, amongst other things, recommended the recruitment of a dedicated communication Specialist who would spearhead the implementation of the LEITI communication strategy, rolling it out and keeping a lid on its progress, including driving a long-term implementation plan and overseeing its performance, monitoring and evaluation. In honoring this recommendation, the LEITI hired a Communication Specialist in 2013 and thereafter revised its communication strategy first developed in 2008, integrating new approaches.

However, the Secretariat realized that the need to sustain an aggressive and effective public awareness and engagement campaign in the wake of the stringent knowledge gap amongst citizens would require a more concerted effort including adequately staffing the LEITI Communication Department and committing other relevant resources. In mid-2014, with grant support from the German Government through GIZ and consistent with the LEITI Operations Manual, LEITI recruited two Communications Assistants, one dedicated to supporting the youth-focused outreach program and the other, assisting with strengthening relations with the media. The recruitment of these staff has brought significant improvements to LEITI’s efforts at enhancing public understanding of the EITI process and participation in the debates around transparent resource management.

Additionally, as part of efforts to decentralize the EITI process in Liberia, LEITI has recruited and deployed fifteen (15) persons to serve as its representatives in the 15 counties. These focal persons are residents of their respective counties and a significant number of them come from the civil society with backgrounds in advocacy, awareness creation and mobilization. Primarily, the focal persons support the outreach campaign by coordinating all LEITI related activities in the counties and creating the necessary awareness amongst the locals on the activities of the LEITI through relevant approaches including the use of local radio stations. The focal persons were provided mobile phones, and in addition to their monthly remunerations, provisions are being made to facilitate their regular interaction with the communities as well as with the head office in Monrovia. This move is intended to enhance awareness about LEITI throughout the communities.

The World Bank has made available a grant to support the initial phase of the decentralization program which covers 12 months. Going forward, LEITI has resolved to source funding for the sustenance of the program through allocation from the national budget.

Additionally, LEITI radio awareness campaign has also been sustained throughout the period under review. A five-minute drama and two jingles along with two awareness songs produced in the previous year by a group of popular traditional folklore singers, the Musical Madrid, have been aired continuously at least two times a day on four national stations and 12 community radio stations throughout the counties. Messages in these jingles and drama basically seek to educate the public on EITI and transparency and encourage public participation in the resource debates and dialogues. Towards the end of the year, two new dramas were also drafted highlighting awareness and education on the current focuses of the LEITI such as contract transparency and beneficial ownership disclosure. Arrangements are being made for these dramas to be produced and transcribed in the 16 local vernaculars to replace the current messages that have superseded.

Three editions of the quarterly LEITI newsletter were produced in 2014, highlighting major activities undertaken by the Secretariat as well as contributions from the extractive companies and progress from EITI programs in other parts of the world. With an average production of about 800 copies per edition, these newsletters and other publications were distributed to a wide range of stakeholders including MSG members, Office of the President and other relevant government ministries, extractive companies, educational institutions and intellectual centers, diplomatic enclaves and international donor organizations and the media amongst others. On the average, over eight thousand persons are estimated to have read the publications.

The use of billboards has also contributed significantly to enhancing LEITI brand presence and keeping the awareness alive even at remote locations where there is no access to radio. Twelve billboards carrying LEITI awareness messages were constructed and mounted at 12 strategic locations in the country. The billboard package includes regular maintenance.

***Strengthening the Extractive Clubs in high Schools:*** The Extractive Club Program is part of LEITI outreach campaign that seeks to increase public awareness on the management of natural resources in Liberia.

Over the past three years, through series of activities, including on-campus speaker series, peer-to-peer discussions, inter-high school debates, mentorship and field trips to extractive companies amongst others, the Extractive Club Program has set the platform for students to learn more about natural resource governance in Liberia, a process that contributes to policy decision making around the sector.

With the new funding support secured from the German Development Cooperation in 2014, the program was expanded to five additional schools, bringing the number of participating schools up to date to fifteen with about 300 students reached. This represents a 100% increment from the number of students reached in 2013. A new staff was recruited at the Secretariat dedicated to supporting the program, and this has enhanced effectiveness at coordinating program activities at the various schools.

While the program activities were disrupted by the outbreak of the Ebola virus disease particularly witnessed by prolonged closure of schools and the ban on public gathering, a considerable progress has been made. A major speaker series held in April 2014 when a delegation from the Sierra Leonean EITI (SLEITI) paid a special learning visit to Liberia, brought together over 300 students from the 15 participating schools and allowed their participation on discussions about the contract award and negotiation process. Another speaker series held in December of the year focused on current national debates regarding the arrangement between the Government of Norway and the Government of the Republic of Liberia to suspend commercial activities in certain parts of the Liberian forest for five years. This platform enabled over 200 students from the participating schools to listen to the discourse provided by the Managing Director of the Forestry Development Authority as well as made input to the debates.

Additionally, resource corners, dubbed as “Extractive Corners”, have been established at the 15 participating schools with 15 book shelves donated to the schools by LEITI to support the hosting of resource materials that will promote research amongst the students on the extractive sector. With the improvements in the Ebola situation, preparations are being made to roll out several other activities including field trips to concession companies and inter-high school debates amongst others.

**Initiate plans for a LEITI Center of Excellence including Linkages to Liberian Academic/University institutions:** Liberia’s prolonged experience of the mismanagement and abuse of its vast natural resources and the recent rapid desire to transform its future by promoting transparent resource governance as evidenced by the many gains made in implementing the EITI, uniquely make the country a suitable case from which other countries can learn how to manage their resources. The Center of Excellence, based on the Liberian model, was conceived to serve as a knowledge bank on resource governance, harnessing capacities and enhancing knowledge sharing on the EITI as well as developing critical mass of practitioners to lead resource governance agendas throughout the world. The Center was thought to provide a range of short-term certificate courses on a variety of topics around natural resource governance and environmental management and sustainability; and, although linked to national training policies, would seek integration with similar institutions that exist elsewhere in the world.



The LEITI hired a consultant in early July 2014 to develop the curriculum content and training modules as well as provide the blueprint for the management and institutional framework of the Center, but performance of the contract has been hindered by delayed funding from UNDP. The Center of Excellence curriculum development is expected to begin in the immediate future as plans have however been concluded with UNDP to utilize earmarked funding.

## II. Assessment of Performance against EITI Requirements

Liberia has made several efforts in complying with the requirements of the EITI Standard. Some of these requirements were lifted in LEITI 5<sup>th</sup> Report, which is Liberia’s first after the launch of the Standard in May 2013. In fact, in further efforts to enhance compliance, the MSG in November 2014, approved the conduct of a special assessment of the extent to which the EITI Standard has been met in the 5<sup>th</sup> EITI Report for Liberia. The assessment done by the Overseas Development Initiative (ODI), highlights gaps in the Report and well as made recommendations on how LEITI can address the reporting gaps identified. The assessment report is available on the LEITI website on the following link: [http://www.leiti.org.lr/uploads/2/1/5/6/21569928/applying\\_the\\_2013\\_extractive\\_industries\\_transparency\\_initiative\\_standard\\_in\\_liberia.pdf](http://www.leiti.org.lr/uploads/2/1/5/6/21569928/applying_the_2013_extractive_industries_transparency_initiative_standard_in_liberia.pdf). However, a summary of progress made towards compliance with the EITI requirements is provided in the table below.

Requirement	Progress
<p><b><u>Requirement 3.7(a)</u></b> The EITI Report should indicate which extractive industry revenues, whether cash or in-kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable, e.g. sovereign wealth and development funds, sub-national governments, state owned companies, and other extra-budgetary entities.</p> <p><b><u>Requirement 3.7(b)</u></b> Multi-stakeholder groups are encouraged to reference national revenue classification systems, and international standards such as the IMF Government Finance Statistics Manual</p> <p><b>Requirement 3.8:</b> The Multi-stakeholder group is encouraged to include further</p>	<p>The balances of all public funds, except those specifically earmarked in the various extractive contracts as social contributions or direct contributions to state owned agencies/enterprises, are to be included in the Consolidated Fund.</p> <p>Hence, contributions from the extractive companies to the GoL, which are not earmarked through specific clauses, lose their identity once they are deposited in the Consolidated Account. In page 71 of the 5<sup>th</sup> Report, specific reference is made to the 2009 PFM Act, explaining this.</p> <p>As mentioned earlier, the report reconciles extractive resources earmarked for specific programs and regions, e.g., SDF and forestry sector payments.</p> <p>The 5<sup>th</sup> Report does not include a description of the country budget and audit processes no links to the CBL</p>

<p>information on revenue management and expenditures in the EITI Report, including</p> <p><b><u>Requirement 3.8(a)</u></b> A description of any extractive revenues earmarked for specific programs or geographic regions. This should include a description of the methods for ensuring accountability and efficiency in their use</p> <p><b>Requirement 3.8(b)</b> A description of the country’s budget and audit processes and links to the publicly available information on budgeting, expenditures and audit reports.</p> <p><b><u>Requirement 3.8(c)</u></b> Timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence. This may include the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector</p>	<p>(<a href="http://www.cbl.lr">www.cbl.lr</a> ), MFDP (<a href="http://www.mfdp.gov.lr">www.mfdp.gov.lr</a> ) and/or GAC (<a href="http://www.gac.gov.lr">www.gac.gov.lr</a> ) are provided. There is also no information on how people can access timely information from the government that will promote debate around fiscal contribution from the extractive sector to the national budget. However, these levels of disclosures will be considered in the 6<sup>th</sup> Report which preparation is underway.</p> <p>Discussions are ongoing between the LEITI Secretariat and the LRA regarding the classification of the revenue data for the electronic reporting template, using the Liberian Chart of Account coding for all separate revenue streams.</p>
<p><b><u>Requirement 3.11</u></b></p> <p>a) It is recommended that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity/ (ies) that bid for, operate or invest in extractive assets, including the identity(ies) of their beneficial owners(s) and the level of ownership. Where this information is already publicly available, e.g. through filing to corporate regulators and stock exchanges, the EITI Report should include guidance on how to access this information.</p> <p>b) Where such registers do not exist</p>	<p>Currently, there is no publicly available register of the beneficial owners of corporate entities in line with the new EITI Standard. The Liberia Business Registry has some data on companies’ addresses, line of operations and ownership, but these data are not sufficient to inform the level of disclosure required by the EITI. LEITI 5<sup>th</sup> Report, therefore, does not contain any disclosure of beneficial owners of the companies that bid for, operate, or invest in extractive industries in Liberia.</p> <p>However, LEITI is participating in the EITI beneficial ownership pilot project and work on the beneficial ownership report is underway, expected to be completed by August 2015. The report will include a database of all natural person(s) as well as intermediaries that hold ownership rights of ≥ 5 percent in the companies that exploit oil, minerals, forestry, or agricultural resources in Liberia. This will</p>

<p>or are incomplete, it is recommended that implementing countries request companies participating in the EITI process provide this information for inclusion in the EITI Report</p> <p>c) It is required that the government and/or state owned enterprises disclosed their level of beneficial ownership in oil, gas and mining companies operating within the country, and an changes in the level of ownership during the accounting period covered by the EITI Report (Requirement 3.6((c))</p>	<p>include current ownership of all active concessions as well as any changes in ownership during the period July 2009 - December 2014.</p> <p>Where there is no single individual holding <math>\geq 5</math> percent of ownership rights, the report will list the top five shareholders with the greatest share of ownership. The database will be updated regularly as part of the annual LEITI reconciliation process an reference in the LEITI Reconciliation Report.</p>
<p><b><u>Requirement 3.12—Contracts</u></b></p> <p>a) Implementing countries are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals.</p> <p>b) It is a requirement that the EITI Report documents the government’s policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include relevant legal provisions, actual disclosure practices and any reforms that are planned or underway. Where applicable, the EITI Report should provide an overview of the contracts and licenses that are publicly available, and include a reference or link to the location where these are published.</p>	<p>The Freedom of Information Act requires unhindered disclosure of all information which has bearing on the public interest. Contracts and concessions agreements in the extractive sectors are not exceptions. Also, as per the LEITI Act (§4.1(f)), the LEITI shall “serve as one of the national depositories of all concessions, contracts, and licenses and similar agreements and rights granted by the Government of Liberia to individuals and companies in respect of the logging, mining, oil, forestry, agriculture and other designated sectors; and to grant members of the public access to such concessions and agreements in keeping with their status as public documents”. These concession contracts are currently hosted on the LEITI website (<a href="http://www.leiti.org.lr/contracts-and-concessions.html">http://www.leiti.org.lr/contracts-and-concessions.html</a>) as well as in hard copies in the LEITI Secretariat library, and are thereby available to the public. Moreover, copies of some of these contracts and other resource materials on the extractive sectors are made available in the libraries of 15 high schools currently participating in the LEITI youth-base outreach program known as the Extractive Club Program.</p> <p>Additionally, LEITI is currently developing a contract matrix to help simplify existing contracts and make them user-friendlier to laymen. The matrix will basically summarize the fiscal terms, contract start/end dates, community benefits, and other key provisions on the agreements. It is expected to be made available to the public in the first half of 2015.</p>

	<p>The 5<sup>th</sup> LEITI Report, however, does not document in detail, Liberia’s policy on disclosure of contracts, although on p. 46, the report makes reference to the LEITI website, which hosts the concession contracts. Relevant information on contract disclosure will be included in the 6<sup>th</sup> and subsequent reports.</p>
<p><b><u>Requirement 4.1(f)</u></b>  <b>Transportation:</b> Where revenues from the transportation of oil, gas and minerals constitute one of the largest revenue streams in the extractive sector, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received. The published data must be disaggregated to levels commensurate with the reporting of other payments and revenue streams (Requirement 5.2.e)</p>	<p>Liberia and West African Exploration/Sable Mining recently signed a 25-year iron ore transshipment deal worth USD1.3 billion. The company will pay an annual concession fee of 1.5 million to USD5 million for the transshipment of iron ore from zero million/ton to 10 million/ton each year, as well as taxes and duties as mandated in the deal.</p> <p>The 5<sup>th</sup> LEITI report does not capture any information related to revenues generated from the transportation of extractive products through or across Liberia. Currently, the only transportation arrangement that is likely to generate future revenues for the GoL is the transshipment of iron ore by mining companies other than ArcelorMittal. There are no pipelines in Liberia and no road taxes are collected from e.g., the logging companies.</p> <p>Once these contracts are operational and the expected revenues are coming forth, they will be disclosed in LEITI subsequent reconciliation reports.</p>
<p><b><u>Requirement 4.1(e)</u></b>  <b>Social Expenditures:</b> where material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment, the EITI Report must disclose and, where possible, reconcile these transactions</p> <ul style="list-style-type: none"> <li>i. Where such benefits are provided in-kind, it is required that the EITI Report discloses the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e. not a government agency, it is required that the name and function of the beneficiary is disclosed</li> <li>ii. Where reconciliation is not</li> </ul>	<p>A number of contracts and agreements in Liberia’s four extractive sectors include clauses requiring holders to make contributions toward specific objectives, e.g., social contributions, scholarships, sector development etc.</p> <p>The 5<sup>th</sup> LEITI report reconciles all cash payments made by the extractive companies to the SDF and all payments made by the MFDP to the beneficiary counties (pp. 72-77).</p> <p>In addition to the SDF contributions, many extractive companies also make social contributions to other beneficiaries, which are captured in Table 40 on pp. 74-76 in the report. These contributions include spending on health, education, research, environment etc. and are disaggregated by company, agency, and beneficiary. However, the report does not disaggregate data on social payments between payments that are mandated by law and those that are voluntary.</p>

<p>feasible, the EITI Report should include unilateral company and/or government disclosures of these transactions</p> <p>iii. Where the multi-stakeholder group agrees that discretionary social expenditures and transfers are material, the multi-stakeholder group is encouraged to develop a reporting process with a view to achieving transparency commensurate with the disclosure of other payments and revenue streams to government entities. Where reconciliation of key transactions is not possible, e.g. where company payments are in-kind or to a non-governmental third party, the multi-stakeholder group may wish to agree an approach for voluntary unilateral company and/or government disclosures to be included in the EITI Report</p>	<p>Although the 5<sup>th</sup> report captures in-kind contributions by companies, as mentioned above, it does not reconcile these payments (p. 79). Companies were instructed to unilaterally estimate the market value of their non-cash contributions, but the MSG resolved that since these estimates cannot be verified independently by the LEITI Administrator, they should not be included in the report. These contributions include spending on road rehabilitation, water and sanitation, school construction, and scholarships and are disaggregated by company, activity, recipient, quantity, and description.</p> <p>It is planned that subsequent LEITI reports will also disclose the nature and value of in-kind contributions in line with the EITI Standard in addition to the cash contributions.</p>
<p><b><u>Requirement 4.2(e)</u></b>  Ad-hoc subnational transfers: Where transfers between national and subnational government entities are related to revenues generated by the extractive industries and are mandated by a national constitution, statute or other revenue sharing mechanism, the multi-stakeholder group is required to ensure that material transfers are disclosed in the EITI Reports. The EITI Report should disclose the revenue sharing formula, if any, as well as any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant subnational entity. The multi-stakeholder group is encouraged to reconcile these transfers. The multi-stakeholder is encouraged to ensure that any material discretionary or ad-hoc transfers, are also disclosed and where possible reconciled in</p>	<p>Liberia does not have a natural resource fund and only minor amounts of the country’s extractive resource revenues are earmarked for certain beneficiaries or regions (e.g., in the forestry sector). However, a number of contracts and agreements in the four sectors include clauses requiring holders to make contributions toward specific objectives, e.g., social contributions, scholarships, sector development etc. These payments are not made to any sub-national government entities, but are rather channeled through the SDF or made directly to individual government agencies.</p> <p>The 5<sup>th</sup> LEITI report reconciles all payments made by the extractive companies to the SDF via the Consolidated Fund (pp. 72-77). The report also reconciles all payments made by the MFDP to the beneficiary counties (pp. 72-77). The report does not provide, however, any information regarding the actual spending of these funds at the county level. However, many of the SDF have recently been audited by the GAC and these audits are available online at</p>

<p>the EITI Report. Where there are constitutional or significant practical barriers to the participation of subnational government entities, the multi-stakeholder group may seek adapted implementation in accordance with requirement 1.5</p>	<p><a href="http://www.gac.gov.lr/index.php">http://www.gac.gov.lr/index.php</a>.</p> <p>All direct company payments to government agencies are disclosed on pp. 68-70 in the 5<sup>th</sup> LEITI report. However, the amounts are not disaggregated by type of payment and there is no mention of materiality thresholds.</p>
<p><b><u>Requirement 3.1 (a)</u></b>  “Implementing countries are required to disclose information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report, including: a description of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; and any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards.”</p> <p><b><u>Requirement 3.1(b)</u></b>  “Where licenses are awarded through a bidding process during the accounting period covered by the EITI Report, the government is required to disclose the list of applicants and the bid criteria.”</p> <p><b><u>Requirement 3.1(c)</u></b>  “Where the requisite information set out in 3.10(a) and 3.10(b) is already publicly available, it is sufficient to include a reference or link in the EITI Report.”</p>	<p>In 2013, even before the adoption of the EITI Standard in Sydney, and as mandated by the LEITI Act, the LEITI conducted an investigation of the processes leading to the award of 68 material concessions, contracts, licenses, permits, and other rights of exploitation of diamond, gold, oil, timber, and agricultural resources of Liberia between 13 July 2009 and 31 December 2011, with the goal of ascertaining whether these processes were in compliance with the applicable Liberian laws at the time of awards.</p> <p>Sector-specific compliance templates, summarizing all relevant laws and applicable procedures in the covered sectors, were also developed and included in the 2013 Post Award Process Audit Report to serve as a guide in the evaluation of award process in the future.</p> <p>The report has been submitted to the President and the National Legislature and copies shared with all agencies of government involved in the award of contracts. It has also been made available to the media, civil society organizations and other members of the public as well as uploaded to the LEITI website and Facebook page. The report was however not referred in the 5<sup>th</sup> LEITI Report but will be included in the 6<sup>th</sup> Report expected to be published in December 2015</p>
<p><b><u>Requirement 3.4</u></b>  “The EITI Report must disclose, when available, information about the contribution of the extractive industries to the economy for the fiscal year covered by the EITI Report. This information is expected to include:”</p> <p><b><u>Requirement 3.4(a)</u></b></p>	<p>The 5<sup>th</sup> LEITI report includes some information on the export value of the extractive industries to the overall GDP of the country. It also includes employment information reported by companies in three of the four extractive sectors (petroleum, agriculture, and mining) in absolute terms. The report as well provides information about employment in the mining, forestry, and agriculture sectors both in absolute terms and as a percentage of total employment (p 9).</p>

<p>“Size of the extractive industries in absolute terms and as a percentage of GDP, including an estimate of informal sector activity.”</p> <p><b><u>Requirement 3.4(b)</u></b>  “Total government revenues generated by the extractive industries (including taxes, royalties, bonuses, fees, and other payments) in absolute terms and as a percentage of total government revenues.”</p> <p><b><u>Requirement 3.4(c)</u></b>  “Exports from the extractive industries in absolute terms and as a percentage of total exports.”</p>	<p>However, the sector classifications are not consistent between the company employment and the total employment figures, making comparisons impossible. Moreover, the information provided by the companies has not been reconciled with the Ministry of Labor. Finally, any contractual obligations by the companies are unexplained in the report.</p> <p>However, in line with the TOR agreed with the Independent Administrator, the 6<sup>th</sup> Report will cover all such required and recommended disclosures in this category.</p>
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**III. Overview of Response to Previous Recommendations**

Many recommendations have been made by the Validators who conducted Liberia’s first validation in 2009 and the Reconcilers of the last four reconciliation processes, all aimed at ensuring compliance with the rules and principles of the EITI and improving the reconciliation processes. Update on the status of efforts made in addressing the issues identified, particularly in the validation report and the 4<sup>th</sup> and 5<sup>th</sup> reconciliation processes are provided in the table below. We realize that some of these recommendations from the different exercises are common. We have not repeated here those that are common.

Source	Recommendation	Status of Implementations
	<p>In this first reporting cycle, the MSG should appoint a trusted third party to investigate and report back on the veracity of the reconciliation findings generated by the MOF</p>	<p>This recommendation stemmed from the fact that the Ministry of Finance (now Ministry of Finance and Development Planning) was assigned the responsibility of reconciling the discrepancies in the 1<sup>st</sup> Report; the Validators regarded this as a conflict of interest. In adherence to the recommendation, the discrepancies in the 1<sup>st</sup> Report were further investigated along with those from the 2<sup>nd</sup> Report, by the independent accounting firm, MGI Monbo and Company. The required actions have been taken based on the findings of the audit reports. Also, another independent internationally recognized accounting firm, Price Waterhouse Cooper (Liberia Limited), has been contracted through a competitive tendering process, to investigate discrepancies in the 3<sup>rd</sup> and 4<sup>th</sup> EITI reports.</p>
	<p>For all future reporting cycles, the MSG should demonstrate commitment to full and complete</p>	<p>All of LEITI reconciliations have been done by independent and trusted accounting/auditing firms, most of them internationally accredited. Moore Stephens LLP handled the 2<sup>nd</sup> reconciliation processes; Ernst and Young-Assurance</p>

	reconciliation and reporting by independent third party auditors	(Ghana) in association with Monbo and Company (Liberia) was the Administrator for the 4 <sup>th</sup> and 5 <sup>th</sup> reconciliation processes and Moore Stephens LLP in association with Parker and Associates (Liberia) has been hired as Independent Administrator for the 6 <sup>th</sup> reconciliation process. This commitment to engage third party auditors will be continued in subsequent reporting cycles.
	The validators support the inclusion of the Liberia Anti-Corruption Commission (LACC) in the MSG so they can be encouraged to act on the findings of reports and coordinate actions in a complimentary way with the LEITI	This proposal was specified by the Validators as a suggestion, as against others that were clearly described as requirements essential for fulfilling EITI rules. Section 6 (1) of the LEITI Act clearly states the composition of the MSG with specific mention of the representations from each constituency—government, civil society and the private sector. The inclusion of another institution such as the LACC as suggested by the Validators would require amendment of the law which is a process. However, what we have done that has proved meaningful is strengthening collaboration with policy makers in the extractive sectors and other agencies of government dedicated to fighting corruption. For instance, when published, our reconciliation reports are shared with the GAC, LACC, GC, LRA, PPCC, MOJ and suitable civil society organizations. Inter-agency meetings are also held regularly amongst these institutions, allowing for information sharing and decision making on collective efforts to fight corruption and promote transparency and accountability over the management of public resources.
	Production audit across all sectors is required to help determine amounts that ought to be paid so that collection is improved	One of the key activities earmarked in the 2015/2016 LEITI Work Plan recently approved is the conduct of production audits particularly in the forestry and mining sectors. The UNDP, through its ongoing support to the LEITI, has committed to fund this activity. Findings of the audits will particularly inform amount due determination in the 7 <sup>th</sup> reconciliation process. As production levels are not stable all through, the audits are planned to be conducted at least each fiscal year to ensure the data are current for each reconciliation process.
	Sanction must be brought against companies that did not submit templates and those that submitted without the required attestations and sign-offs	A total of 68 companies who in various ways failed to comply with the 5 <sup>th</sup> reconciliation process have been sanctioned by the Secretariat as mandated by the MSG. These companies, 3 from the agriculture sector, 14 from forestry and 51 from the mining sector had either failed to submit payment data to the reconciliation process or did not have their data attested by either their companies heads or external auditors as required. The sanctioning process, in line with the MSG Regulations of 2009 has been progressive. Initially, these companies were publicly censured—their names were published, along with the details of their non-compliance, in several local dailies in Monrovia (and on the LEITI website at <a href="http://www.leiti.org.lr">www.leiti.org.lr</a> as well



		as aired on major national and community radio stations. In the second stage of the sanctioning process, a few of the companies who persisted in the attitude of non-compliance were fined \$US\$1,000 each to be paid to government revenue. Tougher actions including recommendation for the revocation of licenses could be taken where there are proven cases of persistent non-compliance. Relevant supervisory government ministries and agencies have been asked to enforce the sanctions.
	Companies participating in the reconciliation exercise should always adhere to the instructions and guidance provided by the reconciler at the workshop that precedes the submission of information	<p>This recommendation basically seeks to address the challenge of companies deviating from the data submission requirements including failing to adhere to the sign-off condition as explained above. To mitigate this, the Secretariat has increased education on the data submission requirement. For instance, adherence to the requirements was emphasized during the first inception workshops held in December 2014 in preparation for the 6<sup>th</sup> reconciliation and would be stressed at subsequent engagements planned prior to and during the conduct of the exercise. The Secretariat has also advised relevant reporting parties to avoid rotating representation at these inception meetings as this could lead to gaps in coordinating and relaying relevant information.</p> <p>Implementation of this recommendation has also been enhanced by the sanctioning process, which is intended to foster compliance and cooperation.</p>
	Common reporting software should be developed and made accessible to all Agencies and LEITI so that information can be assessed at all times by all authorized stakeholders	As stated earlier in this report, LEITI has recently completed the development and deployment of reporting software that would allow all parties involved in the LEITI reporting process to have direct individual access to inputting data, including tax payment data and revenue information which are relevant for the reconciliation process. The database, hosted online at <a href="http://www.leitidr.com">www.leitidr.com</a> will ease the reporting process and ensure data quality. The software will be piloted during the 6 <sup>th</sup> reconciliation process and when finally validated, will be used for subsequent reporting cycles.
	The exercise must be more timely by commencing close to the end of the year of review and companies and agencies must stick to the submission dates	The prolonged process characterizing the recruitment of Independent Administrator and delays in data submission by companies and agencies of government are some of the key factors that have contributed to the late publication of LEITI reports. In addressing this challenge, LEITI has conducted a single procurement for both the 6 <sup>th</sup> and 7 <sup>th</sup> reconciliation processes. This strategy will ensure additional time is not lost to procuring for the 7 <sup>th</sup> Report and that the process is conducted in time. This approach would be sustained while other remedial actions are being identified.

## IV. Specific Strengths and Weaknesses identified in the EITI Process

### Major Strengths

- **Increased efforts at advocacy and Stakeholders' feedback**—lately, our outreach efforts have significantly changed in emphasis from awareness raising to advocacy and feedback. When launched, LEITI reconciliation reports are taken to all fifteen counties in various summary forms, including recently, disaggregated findings by sectors, and are shared with citizens. Civil society groups represented on the MSG, particularly those with emphasis in transparency and natural resource management are involved in the dissemination exercises, allowing them to get feedback from the communities and engage in the relevant advocacy. The scope of our outreach, particularly the dissemination exercises, has also expanded greatly. As mentioned earlier, about 12,000 persons were reached in 2014 as compared to the 4,500 in the previous year. This is because in contrast to the previous years where only the county capitals were reached, our current efforts have included targeting citizens within strategic concessions communities, ensuring that feedback are received from those actually affected by these extractive activities.
- **Promoting stakeholders' participation**—part of our recent focus, which is another form of strengthening advocacy, is to promote stakeholders' participation in the debates and dialogues around the resource management. The limited participation of citizens, particularly the locals, in decisions regarding awards of concessions and the use of proceeds from the extraction of their resources is obvious, as confirmed by many previous reports. LEITI has currently increased efforts at building the capacities of target groups in the local communities, including chiefs and traditional leaders from across the country, particularly educating them to understand their obligations and benefits associated with the extraction of the resources. Emphasis has been placed on enhancing their capacities to monitor social contributions from the concessionaires.

The simplification of all contracts and concession agreements in all four covered sectors—mining, forestry, agriculture and oil—currently underway by the LEITI, is also meant to enhance citizens' understanding of the agreements, thereby promoting their effective engagements with the government and the concessionaires. The contracts, in their original versions, are voluminous and replete with legal jargons which make it difficult for the average citizens to understand. The simplified contracts will basically summarized the highly valued terms that are relevant to the citizens, to include the contract start/end dates, communities benefits, employment information and other key provisions.

Our engagement with the youth, part of efforts to promote holistic stakeholders participation in the EITI process, has also gained significant momentum over the past two years. As mentioned earlier, outreach efforts at 15 schools in Montserrado and Margibi Counties through the Extractive Club Program, have allowed over 200 students at these schools to get better understanding of resource governance issues and have been making contributions to policy decisions on transparent resource management. Several other EITI implementing countries have recognized this program as a strategic platform for effectively engaging the youth and have requested our support to have it replicated.

## Weaknesses

- Most notable weaknesses observed over the review period include:
- **MSG Meeting attendance and decision-making** - the quality of representation of some key stakeholders at MSG meetings declined to the use of second-level proxies who did not have decision-making authority and so often affected the MSG decision making processes. While the civil society, private and observers showed impressive attendance records, key Government representatives' attendance, on the average, was far from encouraging. However, the issue of government representatives' attendance improved once it was brought to the attention of the President of Liberia who is Champion of the EITI process in Liberia. The President vowed to ensure that public officials representing the Government on the MSG remained committed.
- **Decline in Government funding** – during the period under review budgetary support to the LEITI declined thereby affecting implementation of the LEITI work plan. In 2009 the LEITI was created as an autonomous agency of government through an act of the Liberian Legislature. The Government of Liberia was designated by the Act as the primary funding source, through budgetary appropriations.

## V. Total Implementation Cost

Below is a breakdown of the cost of implementation during the reporting period.

<b>LIBERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (LEITI) STATEMENT OF INCOME AND EXPENDITURES FY 2013/2014</b>	
<b>ACCOUNT DESCRIPTION</b>	<b>AMOUNT (US\$)</b>
<b>INCOME:</b>	
Government of Liberia	505,362
World Bank	100,000
*African Development Bank (AfDB)	193,000
GIZ	33,688
United Nations Development Program (UNDP)	46,000
<b>Total Income</b>	<b>878,050</b>
<b>EXPENDITURES:</b>	
Personnel Expense	(222,968)
LEITI Secretariat Operational Costs	(98,395)
Multi-Stakeholders Steering Committee Operational Costs	(23,869)
Consultancy Fees	(101,839)
Communication & Outreach Operational Costs	(185,436)
Travel Costs	(73,127)
Training & Capacity Building	(103,906)
<b>Total Expenditures</b>	<b>(809,540)</b>
<b>Excess: Income over Expenditures</b>	<b>68,510</b>
<i>* Amount administered by the Ministry of Finance &amp; Development Planning's Project Financial Management Unit (PFMU) in line with the LEITI Costed Work Plan</i>	

## VII. Participation of Other Stakeholders in the Report

Consistent with Requirement 7.2 (b) of the EITI Standard, the preparation of this Report highly considered contributions from other stakeholders, particularly civil organizations involved in programming around resource governance and public sector accountability. Initially, the draft of the report was forwarded to about ten such civil society organizations with a request for their input to the document. Subsequently, these institutions were invited to a special work session at the LEITI Secretariat on June 19, 2015 during which the Report was jointly reviewed, ensuring that everyone's views were heard and incorporated. Civil Society institutions represented at the work session are listed in the table below.

Name	Institution	Job Title	E-mail Address
Lawrence Fahnbulleh	FLY	Chief of Office Staff	<a href="mailto:lawrencefahngulleh@gmail.com">lawrencefahngulleh@gmail.com</a>
Gerald D. Yeakula	CENTAL	Governance Prog. Director	<a href="mailto:gyeakula@cental.org">gyeakula@cental.org</a>
Joseph F. Wiah, Jr.	COYPED	Project Officer	<a href="mailto:Joewiah784@yahoo.com">Joewiah784@yahoo.com</a>
Augustine S. M. Tamba	FLY	President	<a href="mailto:tambasm@gmail.com">tambasm@gmail.com</a>
James Koryoe	GYACN	Nat'l Coordinator	<a href="mailto:gyacliberia@gmail.com">gyacliberia@gmail.com</a>
Roland M. Perry	EMW	Coordinator	<a href="mailto:perryroland@rocketmail.com">perryroland@rocketmail.com</a>
Solomon Watkins	EMW	Member	<a href="mailto:ysolomonwwatkins@gmail.com">ysolomonwwatkins@gmail.com</a>

In addition to the joint review work session, questionnaire was developed by the Secretariat and forwarded to the selected CSO institutions, with the goal of seeking their assessment of, and views on the EITI process in Liberia. Responses from them were collated and are presented in a summary form below.

Generally, all civil society institutions involved in the review process acknowledged the EITI as a useful platform for advancing resource transparency in Liberia. They all have some knowledge about the LEITI, even though not all of them have followed the process closely. A few of the organizations revealed using data from the LEITI Reports in various ways in their programming and advocacy engagements. For instance, CENTAL has used data from the LEITI reports in several funding proposals to justify the need for programs gear towards promoting transparency in the natural resource sector; FLY has used findings of the LEITI reports in the past to advocate for social benefits for citizens in concessions areas in the South East; and GYAC-Liberia used the 5<sup>th</sup> EITI Report as a basis of their discussions with over 200 youths on the need for proper management of the extractive sector during program marking World Anti-Corruption Day in December 2014. However, all these institutions have expressed frustration over how most of the data in the LEITI Reports are out of date given the late publication of the reports.

All of the institutions engaged also have good knowledge about the 2013 LEITI Report of the audit done on the processes leading to the award of 68 contracts, rights and permits in the Agriculture, Oil, Mining and Forestry Sector. In fact, it seems from the interaction that their best memory of the LEITI is the Post Award Process Audit Report. They are concerned however on the status of implementing recommendations from the Report.

Additionally, two of the civil society institutions, FLY and CENTAL, expressed dissenting views on LEITI's decision to postpone the conduct of the second process audit on grounds of shortage of the available awards within the threshold of the proposed audit as captured in page 10 of this Report. They argued that while there are only three awards available as compared to the 68 investigated in the 2013, these

investments, being oil contracts, have substantial values which cannot be underestimated on the basis of numbers. They recommended that the LEITI embarks upon the audit as early as possible.

Finally, the civil society organizations expressed the need for effective collaboration with LEITI as they complained that decisions from the MSG are rarely relayed to them by those representing their constituency on the body. They particularly requested for capacity and funding support to enhance their advocacy works in the interest of the communities as it relates to prudent management and equitable distribution of resources from the extractive sectors.

## VIII. Details of Membership of the MSG during the Period

**Membership**—consistent with Section 6.1 of the LEITI Act of 2009, the MSG shall comprise of at least fifteen (15) members drawn from three constituencies—the Government of Liberia; the Civil Society and the Private Sector. The Act further requires seven representations from the GoL, to include the Minister of Finance (now the Minister of Finance and Development Planning); the Minister of Lands, Mines and Energy; the Managing Director of the Forestry Development Authority; the President/CEO of the National Oil Company of Liberia or its successor and two members each representing the Senate and House of Representatives. The Civil Society representatives include Publish What You Pay Liberia or a its successor organization and a representative of a recognized association or union of workers in the extractive sectors as permanent members while the Private Sector is required to have four representatives drawn each from the mining, forestry, agriculture and oil sector as permanent members. Few of Liberia’s development partners are also on the MSG as observers.

Membership to the MSG is for the period of three years. In October 2014, the MSG was re-constituted by President Ellen Johnson-Sirleaf as the tenure of members appointed in 2011 expired. The reconstitution saw the appointment of the Commissioner General of the Liberia Revenue Authority as one of the representatives from the GoL, a reflection of current reforms in the Government—the LRA now has taken over the revenue collection role once played by the MFDP, hence, its importance in the reconciliation process. The reconstitution also reflects the reverse order of the traditional leadership structure of the MSG, with the Minister of Lands, Mines and Energy appointed as the Chair and the Minister of Finance and Development Planning as Co-Chair. Until then, the Minister of Finance has since chaired the MSG while the Minister of Lands, Mines and Energy had served as the Co-Chair.

The table below provides details of MSG membership during the period under review including both the outgoing members and the current ones.

Constituency	Out-going MSG		New/Re-constituted MSG	
	<i>Institution</i>	<i>Representative</i>	<i>Institution</i>	<i>Representative</i>
Government	MFDP	Amara M. Konneh	MFDP	Amara M. Konneh
	MLME	Patrick N. Sendolo	MLME	Patrick N. Sendolo
	FDA	Harrison S. Karnwea, Sr.	FDA	Harrison S. Karnwea, Sr.
	NOCAL	Randolph McClain	NOCAL	Randolph McClain
	Senate	Gbehzohngar Findley	Senate	
	HOR	Adolph Lawrence	HOR	Adolph Lawrence
	MoA	Florence Chenoweth	MoA	Florence Chenoweth
	MIA	Morris M. Dukuly	MIA	Morris M. Dukuly

			LRA	Elfrieda S. Tamba
Civil Society	PWYP	Alfred N. Brownell	PWYP	Cecelia T. M. Danuweli
	DC	Frances R. Deigh Greaves	WONGOSOL	Marpue M. Speare
	FLY	Mohammed Nasser	Rights and Rice Foundation	James M. Yarsiah
	GODIMWUL	Ezekiel S. Johnson	GODIMWUL	Ezekiel S. Johnson
Private Sector	AML	Marcus Wreh	Western Cluster	Atul Mittal
	BHP Billiton	Monique Cooper	Aureus Gold	Debar Allen
	Chevron	Karl Cottrell	ExxonMobil	Keith Conrad
	LTA	John Deah	LTA	John Deah
	Gold & Diamond Brokers & Dealers Association	Esiaka B. Konneh	Gold & Diamond Brokers & Dealers Association	Esiaka B. Konneh
			GVL	Henri Harmon
Others	NTCL	Chief Zanzan Karwor	NTCL	Chief Zanzan Karwor
Observers	AfDB	Margret H. Kilo	AfDB	Margret Kilo
			N C S C L	Frances R. Deigh Greaves
	GIZ	Mark Mattner	GIZ	Mark Mattner
	IMF	Charles Amo-Yartey	IMF	Charles Amo-Yartey
	EITI Board Rep.	Roosevelt G. Jayjay	EITI Board Rep.	Gbehzohngar Findley
	UNDP	Dominic Sam	UNDP	Kamil Kamaluddeen
	World Bank	Inguna Dobraja	World Bank	Inguna Dobraja
	UNMIL	Karim Landgren	UNMIL	Karim Landgren
US Embassy	Debora Malac	US Embassy	Debora Malac	

**Meetings**—the MSG conducts its regular meeting once a month, usually on the last Wednesday in the month. However, where urgency is required, emergency meetings are held. Additionally, matters requiring close scrutiny are referred to specific committees which decide on them and make recommendations to the body.

During these meetings, issues of concerns are discussed and policy decisions are made while the MSG is also briefed by the Head of Secretariat on the status of planned activities and other progress at the Secretariat. Most decisions are reached by consensus, but where consensus cannot be obtained, the body would resort to voting. Observers can contribute to the discussions but are not eligible to vote.

Seven (7) regular meetings were held in 2014, as against the 12 held in 2013. The reduced number of meetings was due to the Ebola virus outbreak in the country. At the height of the outbreak in July 2014 when the Government, amongst other preventive measures, closed schools, reduced staff in public offices and called for cessation of large public gathering, the MSG resolved to suspend its meetings until there were improvements in the situation. They resumed meetings in December 2014.

Attendance is recorded at every meeting, and over time, the Secretariat has used these records to prepare scorecards that reflect the overall participation of members of the MSG in the body's decision making process. The scorecards can be accessed from the LEITI website at: <http://www.leiti.org.lr/multi-stakeholder-steering-group-msg.html>. Minutes of these meetings are also available on the website at <http://www.leiti.org.lr/multi-stakeholder-steering-group-msg.html>.

**Approval by the MSG**

  
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Proxy - Chair Person / LEITI MSG

Date: 08-09-15