



## LEITI BILL SIGNED INTO LAW

– LIBERIA IS 2ND COUNTRY TO  
HAVE DEDICATED EITI LAW

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# LEITI BILL SIGNED INTO LAW

## LIBERIA IS 2ND COUNTRY TO HAVE DEDICATED EITI LAW

The Government of Liberia has enacted a law (“The LEITI Act of 2009”) creating the Liberia Extractive Industries transparency Initiative (LEITI) as an autonomous public entity to be “managed as a multi-stakeholders body.”

Having been passed first by the House of Representatives of the Republic of Liberia on May 28, 2009, and thereafter by the Liberian Senate on June 11, 2009, the LEITI Act was approved by President Ellen Johnson-Sirleaf on July 10, 2009 and became law (after being printed into handbill) on July 13, 2009.

According to the Act, the general objective of LEITI is “to assist in ensuring that all taxes benefits due the Government and people of Liberia on account of the exploitation and/or extraction of the country’s mineral and other resources are 1) verifiably paid or provided; 2) duly accounted for; and 3) prudently utilized for the benefits of all Liberians on the basis of equity and sustainability.”

The Act substantially broadens the scope and functions of LEITI. Section 5.4 of the Act names the sectors “covered by and within the scope of LEITI as: (1) the mining sector; (2) the oil and natural gas sector; (3) the agriculture and forestry sector; and (4) such other sectors as the MSG may subsequently determine with the consent of the Government.”

By the passage of this Act, Liberia becomes the second EITI country, after Nigeria, to have a dedicated EITI legislation. The passage of the Act along with the broader scope and functions given LEITI has won Liberia many commendations and praises from local and international stakeholders. The members of the LEITI MSG were among the first to praise the President and the Honorable Liberian Legislature for the passage of this historic statute. The EITI and Global Witness also issued detailed press releases lauding the passage of the LEITI Act.

LEITI is part of a global organization known as the Extractive Industries Transparency Initiative (EITI),



which promotes transparent fiscal management of natural resources through regular disclosure, verification and publication of all industry payments and government revenues related to the operations of all extractive sectors. About thirty (30) resource-rich countries in Africa, Asia, Europe and the Americas are members of EITI. Of these countries, Liberia is the first to include forestry and the agriculture sectors in its EITI scope. The First LEITI Report may be found at [www.leiti.org.lr](http://www.leiti.org.lr).

**THE FUNCTIONS AND MANDATES OF LEITI ARE STATED UNDER SECTION 4.0 OF THE ACT AS INCLUDING THE FOLLOWING:**

- a. To require all extractive companies and covered agencies and levels of government to disclose, at least once every year, the data of all payments made and revenues received in respect of the extraction forest and mineral resources;
- b. To conduct, as frequently as may be necessary and through independent firms:
  - i. Appropriate audits and/or investigations of the payments and revenues data submitted by oil, mining, logging and agricultural companies in order to determine that the payments made and revenues received correspond with what ought to have been paid and/or received; and
  - ii. Appropriate audits and/or investigation of the process by which each material concession, contract, license, and other right is awarded by the Government in respect of forestry, mining, oil, agriculture and other designated resource sectors of Liberia in order to determine that each concession, contract, license, and similar right was awarded in compliance with applicable law.
- c. To 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 member of the public access to such concessions and agreements in keeping with their status as public documents; and
- d. In furtherance of fair sharing of forest and mineral revenues, to monitor and reflect in its reports, the data (along with the transfer thereof) of all funds that belong to or are due to any community, county, group or institution based on the terms of an applicable concession, contract, or similar agreement or provision of law.

# LEITI COMPLETES VALIDATION



Technical workshop in preparation for LEITI 2nd Report

The Validators found that Liberia complied with basically all validation indicators, but expressed reservation about the (1) publication of LEITI first Reconciliation Report when there were still unresolved discrepancies, and (2) the subsequent decision of the LEITI MSG to undertake an internal exercise to investigate and resolve the discrepancies that were contained in the published report. Subject to the foregoing reservation, “the Validators conclude that Liberia has technically achieved EITI Compliant status.”

The Final Report of the Validators is subject to review by the EITI Board which may grant or decline, deny or modify the recommendation of the Validators. Decision on the completed Validation of LEITI is likely to be made during the next meeting of the EITI Board scheduled to take place in October of this year in Baku, Azerbaijan.

The completed validation of LEITI represents the second EITI validation exercise undertaken, and the first EITI validation exercise in Africa. The first EITI country to complete validation is Azerbaijan.

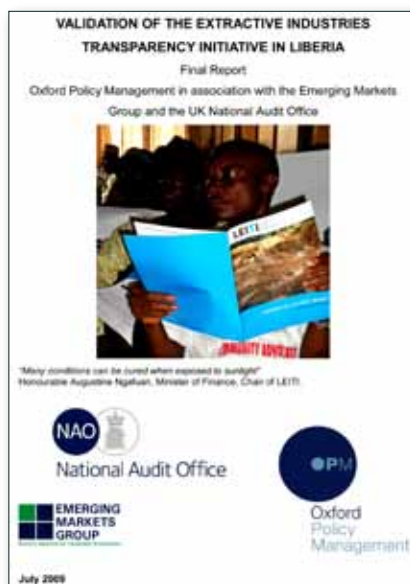
Validation is an essential element of the EITI process, and central to the Initiative’s status as an international standard. The objective of Validation is to provide an independent assessment of the progress achieved by Implementing Countries. For Candidate Countries, Validation measures progress in EITI implementation. For countries that have fully implemented EITI (Compliant Countries), Validation serves to provide an assessment of their ongoing fulfillment of all the EITI Criteria.

Liberia has completed validation of its EITI program. The validation of the Liberia Extractive Industries Transparency Initiative (LEITI) was carried out by Oxford Policy Management (OPM) in association with the Emerging Markets Group and the UK National Audit Office. OPM is one of the seven firms pre-qualified by the EITI International to validate EITI implementing countries, and was one of six eligible firms that submitted proposals for the job.

Following recruitment of OPM in February 2009, OPM began the validation process on March 23, 2009. The validation exercise took several months to analyze and review pertinent documents; visit Liberia to meet with LEITI stakeholders and gather information; to prepare the draft validation report and discuss it in a meeting of the LEITI MSG in Monrovia, Liberia, and to prepare and submit the final validation Report. During their field visits in Liberia, the Head of the validation team, Mr. Magnus Macfarlane along with his colleagues met with officials of government, management of companies and civil society leaders and members, including the Vice President of the Republic of Liberia, Ambassador Joseph N. Boakai; the Pro-Tempore of the Liberian Senate, Hon. Cletus Wotorson; the Chairperson of the LEITI, Minister Augustine Kpehe Ngafuan; and Mr. Joseph Matthews, CEO of ArcelorMittal Liberia.

The validation of LEITI technically ended on July 23, 2009 when the Validators delivered the Final Report of the Validation to the LEITI MSG. In the Final Report, the Validators observed that despite “its relative infancy---LEITI is already introduc-

ing a range of positive impacts for Liberia.” According to the validators, the most critical factors for the success of LEITI are “strong leadership and will of government; a dynamic and organized Secretariat; and an



**“The Validators conclude that Liberia has technically achieved EITI Compliant status.”**

engaged and consensual multi-stakeholders steering group.”



Ms. Monique Cooper of UNDP- Moderator at technical workshop

# LEITI PUBLISHES SECOND REPORT

## NOVEMBER 2009



Hon. Augustine K. Ngafuan, Minister of Finance and Chairperson LEITI MSG

**E**xtensive preparations are underway to ensure that LEITI's 2nd EITI Report of payments and revenues is published in November 2009. The preparations are intended to consider past experiences that led to the publication of unresolved discrepancies in the First Report, and to agree appropriate mechanisms that will not only avoid the repeat of such problems but also enhance the overall credibility and integrity of the forthcoming 2nd LEITI Report.

The on-going preparations include technical workshops for LEITI stakeholders to strengthen their understanding of critical EITI requirements and to enable them implement several specific decisions taken by

the LEITI MSG relative to the forthcoming 2nd Report. The decisions made by the LEITI MSG in respect of the forthcoming 2nd Report include:

- (1) that all material payments and revenues data to be submitted for the Second Report by each stakeholder should be based on audited accounts prepared by applying international accounting standards;
- (2) That all material payments and revenues connected with the operations of gold and diamond dealers and brokers as well as small-scale miners and pit sawers be included in the 2nd Report and reconciled, published and disseminated along with all other covered payments and revenues; and
- (3) That there be included in the Second Report an "amount due" column for both payments and revenues templates, which will afford ready comparison between what is paid or received with what ought to have been paid or received.

Already, the General Auditing Commission (GAC) of Liberia has agreed with the Government of Liberia to audit the revenues data of all agencies and entities of Government that will participate in the 2nd Report. The GAC's audit of some of the agencies has already begun. The companies have also agreed to ensure

that their reports of payments will be (1) based on audited accounts or (2) attested to by external auditors.

Meanwhile, the process to recruit the independent administrator/reconciler who will prepare the 2nd Report is far advance. Based on evaluation of expressions of interest submitted in response to a Request for Expression of Interest (REOI) published by LEITI, the following five international auditing companies were shortlisted and requested to provide technical and financial proposals: (1) Crane White and Associates (which prepared the First LEITI Report, (2) VOSCON/Hart Group, (3) Moore Stephens, (4) Prospect Consulting Group, and (5) Olusola Adekanola & Co. Of the five shortlisted firms, two subsequently submitted the required proposals within the specified time. The two firms that submitted proposals are Moore Stephens of the United Kingdom and Crane White & Associates of Australia.

The proposals of the two firms are being evaluated. The schedule is to complete the recruitment of the independent Reconciler by end of August, 2009 in order that the Reconciler will start work by September 29, 2009.

## INTERNATIONAL GROUPS APPLAUD LIBERIA ON PASSAGE OF LEITI ACT

**I**n response to the passage into law of the LEITI Act of 2009, a number of international organizations have joined local LEITI stakeholders to commend both LEITI and the Government of Liberia for their exemplary work in EITI implementation.

The Secretariat of the Extractive Industries Transparency Initiative (EITI) based in Oslo, Norway issued a press release on July 17, 2009 to acknowledge the passage of the Act and also congratulate the government and people of Liberia for their historic achievement. The Chairman of EITI international Board, Dr. Peter Eigen, was quoted by the EITI release as saying: "The Liberia EITI

Law is a further signal of the commitment of the Government of Liberia to improve the management of their abundant natural resources. I admire how Liberia has taken the initiative and adapted and extended it to address the key issues in the country. This sets an excellent precedent for other implementing countries in the region." The full text of EITI press statement can be found at [www.eitransparency.org](http://www.eitransparency.org).

Global Witness (GW), an international civil society group ([www.globalwitness.org](http://www.globalwitness.org)), also issued a press release on the passage of the LEITI Act. The press release of GW quoted Gavin Hayman, Campaigns Director of Global Witness (2), a long-time sup-

porter of the EITI as saying that the LEITI Act of 2009 "is testimony to the reformist spirit of the government, and to Liberian civil society groups who have worked so hard to turn the country's natural resources from a curse to a blessing."

Radhika Sarin, of the global civil society coalition Publish What You Pay (PWYP) said that the Act "puts Liberia at the forefront of transparency and governance efforts in the extractive sector" in a press release issued on July 14, 2009. This article, entitled "PWYP Welcomes Adoption of Transparency Act in Liberia," can be viewed at [www.publishwhatyou-pay.org](http://www.publishwhatyou-pay.org).



## PRESIDENT JOHNSON SIRLEAF DESCRIBES LEITI AS KEY PILLAR OF REFORM

The Chief Champion of LEITI and the President of Liberia, H.E. Madam President Ellen Johnson Sirleaf has described the Liberia Extractive Industries Transparency Initiative (LEITI) as one of the institutional pillars of integrity responsible to anchor and sustain the reform agenda of Liberia. The President says that by promoting better management and use of public resources and discouraging corruption, LEITI along with General Auditing Commission and the Liberia Anti-Corruption Commission is critical to poverty reduction and social development in Liberia.

President Sirleaf made the remarks on August 6, 2009 when she

met with a five-person LEITI delegation to acquaint herself with ongoing work of LEITI and the support it needs to further its progress. The President lauded LEITI for the work it is doing to promote better awareness about the nature and required prudent use of Liberia's natural resources, adding that the achievement of LEITI has brought but international recognition and praise for Liberia. She specifically commended the LEITI Secretariat for its efficiency in supporting the Chairman and members of the LEITI Multi-stakeholders Steering Group. The President said she was very pleased with the LEITI's efforts to date and reiterated the government's commitment to transparency in the operations of the mining, oil,

forestry and agriculture sectors. The President cited (1) the recent signing into law of the LEITI Act of 2009 and (2) the increased budgetary allocation of US\$200,000.00 made for LEITI in the 2009/2010 budget as some demonstration of the commitment of her Government to ensure transparency in the extractive sectors and proper management of Liberia's natural resources for the benefit of all Liberians.

Speaking on behalf of LEITI stakeholders, the Co-Chairperson of the LEITI MSG and Minister of Lands, Mines & Energy of the Republic of Liberia, Hon. Eugene Shannon, thanked the President for her personal commitment and support for the EITI process which has been a key factor for the success of the initiative. Honorable Shannon and the Head of Secretariat T. Negbalee Warner also briefed the President on the present work program and future plans of LEITI, including meeting with concessionaires in the agricultural and rubber sectors to facilitate their participation in LEITI as is required by the new LEITI Act.

In addition to Honorable Shannon, others who attended the meeting with the President included Honorable Morris Saytumah, Minister of Finance, economic and Legal Affairs of the Republic of Liberia, T. Negbalee Warner, Head of LEITI Secretariat, Edward R. Smith, Deputy Head of LEITI Secretariat and Ms Robberta Hirsch and Luciene Pulliam, international interns with LEITI.



## NEWS IN BRIEF

### EITI CHAIRMAN TO VISIT LIBERIA

The Chairman of the EITI international Board, Dr. Peter Eigen is scheduled to visit Liberia and other EITI countries in the West African region in October of this year. Dr. Eigen's visit to Liberia follows the earlier visit of a joint EITI/World Bank/African Development Mission to Liberia in May of this year.

While in Liberia, Dr. Eigen will meet with Liberia's President Ellen Johnson Sirleaf and a number of LEITI stakeholders relative to the progress and sustained implementation of EITI in Liberia.



EITI Chairman - Dr. Peter Eigen

### LEITI ENGAGES LIBERIAN MEDIA

In continuation of its effort to build the capacity of various stakeholders on the LEITI process and to use the LEITI reports to constructively engage the LEITI Stakeholders, the LEITI met and held discussions with managing editors and station managers as well as reporters of several media institutions on April 3, 2009 at the P.A. Ribs House in Sinkor. The discussions which were held under the theme "The LEITI Process: Background, Nature, and Objectives," brought together over twenty five (25) managing directors, editors and senior reporters from both electronic and print media institutions.



The Inquirer Newspaper Managing Editor, Philip N. Wesseh

### GAC TO AUDIT REVENUE REPORTS OF GOVERNMENT AGENCIES

In response to a request made by the Minister of Finance and Chairman of LEITI, Honorable Augustine K. Ngafuan, the General Auditing Commission of Liberia will audit all revenues data of the Ministry of Finance, the national oil Company of Liberia, the Ministry of lands, mines & Energy, the FDA as well as all other agencies of government that will submit data for LEITI reports. This disclosure was made by Auditor General John Morlu during the 24th meeting of the LEITI MSG. It is understood that the audits of some of the agencies of government have already commenced.



Auditor General - John Morlu

### LEITI HOLDS WORKSHOP WITH CIVIL SOCIETY ORGANIZATIONS

On June 12 and 13, 2009, the LEITI Secretariat held a two-day capacity building workshop with various civil society organizations to discuss ways and means by which civil society would increase its contribution to the LEITI process. The Workshop was also aimed at building the capacity of CSOs in order that they will lead implementation of the LEITI communications strategy and outreach campaign, beginning this year.

The workshop was held at the Catholic Diocesan Retreat center in Gbarnga, Bong County and brought together over 40 representatives of various civil society organizations selected from all regions of the country. The CSOs that attended the workshop included Publish (1) What You Pay Coalition (PWYP), (2) Center for Transparency and Accountability (CENTAL), (3) Green Advocates, (4) South Eastern Women Development Association (SEWODA), (5) Liberia National Student Union (LINSU), (6) Liberia Democratic Institute (LDI), (7) Concern Youth in Solidarity for the Promotion of Good Governance (CYSPGG) and (8) Ears for the Masses.

### LEITI COMPLETES INVESTIGATION OF UNRESOLVED DISCREPANCIES IN 1ST REPORT

The Multi-stakeholders Steering Group (MSG) of LEITI has completed investigation and resolution of the unresolved discrepancies contained in its 1st Report covering the period July 1, 2007-June 30, 2008. The internal investigation and resolution process was conducted by a joint committee comprising of representatives of the Government and reporting companies that worked under the supervision of the MSG and reported its findings to the MSG.

The investigation discovered that besides one case of fraud, the rest of the unresolved discrepancies were caused by the following factors: (1) misclassification of

payment kind; (2) omission by companies of payments made to government; (3) inclusions of payments made outside the reporting period; and (4) data entry inconsistencies based on use of multiple names and IDs of tax payers. The one case of fraud involved the amount of US\$104,288.00 which Amlib reported as paid withholding income tax but for which the Government had no record. The investigation found that the amount was never paid into the treasury and that the receipts relied on by Amlib were a fake receipt procured by the employee tasked to make the payment.

Based on the findings of the investigations, Am-

## LEITI REACHES OUT TO UNIVERSITY STUDENTS



Cross section of students at UMU

Further to its communications strategy, LEITI recently held two outreach events for university students in Monrovia. The first was held on July 8, 2009 on the campus of the United Methodist University where the Head of the LEITI Secretariat, Cllr. T. Negbalee Warner, explained and discussed the EITI process and the First LEITI Report with over one hundred and twenty five (125) students of that institution. Following the July 2009 meeting, another meeting was arranged and held on July 22, 2009 on the campus of the African Methodist Episcopal University. The second meeting was held as part of an Inter-University Intellectual Summit organized and hosted by the Concern Youth in Solidarity for the Promotion of



Cross section of students at AMEU

Good Governance (CYSPGG), which is one of the CSOs that benefited from the Gbarnga Civil Society Workshop. This program brought together over one hundred and fifty (150) students and student leaders from five Liberian universities, including the University of Liberia and Cuttington University.

lib has been asked (and has accepted) to pay the full amount of its withholding tax obligation along with penal charges. The amount of US\$52,144.00 has been paid by Amlib while the balance was due to be paid in September 2009. Further to the findings of the investigation, a number of technical workshops have been organized for reporting stakeholders to build their capacity in order to avoid the problems that led to the discrepancies. The full report of the Internal Investigation and Reconciliation Exercise can be found at [www.leiti.org.lr](http://www.leiti.org.lr).

## PRESIDENT SIRLEAF SPEAKS ON FAIR SHARING OF MINERAL REVENUES

President Ellen Johnson Sirleaf says fair sharing of mineral and forest revenues is undeniably a fine idea already accepted by her Government, as evidenced by the unprecedented provisions that her government has included in recent concession agreements with ArcelorMittal and China Union. The President however said that much needs to be done to define and properly implement the concept.

President Sirleaf made the comments during her meeting with staff of the LEITI Secretariat on Thursday, August 6, 2009. According to the Deputy Head of the Secretariat, Mr. Edward R.A. Smith, who raised the issue on behalf of the Secretariat, the matter of fair sharing of mineral revenues between the national government and the counties where the minerals are located is one issue which has been brought up repeatedly by many persons in the country, especially in outlying counties during LEITI outreach meetings. Mr. Smith therefore asked the President if the Government has or is developing a policy to respond to this question.

President Sirleaf said that systematic sharing of

**President Sirleaf said that the sharing of revenues is tied to the overall comprehensive decentralization policy being developed by the Government.**

revenues is tied to the overall comprehensive decentralization policy being developed

by the Government. She said that completing the decentralization process will require several constitutional, statutory and administrative changes, which needed to be carefully reviewed and pursued. She also said there is also the challenge of human resource capacity constraints and accountability mechanism at sub national levels. In order not to hastily rush in the decentralization of authority, including decentralization of revenues and expenditure, President Sirleaf said that the Government has thought it wise to begin with some interim measures. One of the interim measures is the inclusion of county/community contributions in concession agreements. She also stressed that even with respect to the county contributions, it was important that the local communities understand that it is their responsibility to use the county/community contributions properly to help improve the lives of their own people. She made specific reference to the county/community contributions provided for in the ArcelorMittal and China union agreements.

Buttressing the President, the Co-chairperson of the LEITI Multi-stakeholders Steering group and Minister of Lands, Mines, and Energy, Dr. Eugene H. Shannon emphasized that similar condition of county/community contributions could be enshrined in the Western-Cluster and other subsequent mining concession agreements.

# LEITI WELCOMES TWO INTERNS FROM THE UNITED STATES

**T**he LEITI Secretariat has been benefiting from the services of two international interns: Ms. Lucienne Pulliam from the Widener University and Mrs. Roberta Hirsch of Valparaiso University School of Law. The two American graduate students separately chose to do their 6-week 2009 internship with LEITI, and have been assisting the Secretariat with EITI implementation in Liberia on a pro bono basis.

Roberta, a graduate of Stanford University, is pursuing a Juris Doctor with a special interest in international law and children's advocacy. Roberta is an appointee to the Valparaiso University Strategic Planning Committee and a member of the Reiner Community Center Committee, Black Law Students' Association and the Equal Justice Alliance. Prior to graduating in 2011, Roberta will extern at the Equal Employment Opportunity Commission. Roberta's travels have included Southeast Asia, Central America, the Caribbean and Europe where she lived for five years. Introduced to LEITI when the Head of Secretariat, Negbalee Warner was a Scholar in Residence at Valparaiso University School of Law, Roberta was quick to ask if she could contribute to the Secretariat's efforts this summer.



Lucienne Pulliam and Roberta Hirsch with LEITI Head of Secretariat T. Negbalee Warner

Roberta is thrilled to be in Monrovia and has been touched by the extremely warm and heartfelt welcome extended to her by Liberians. She cites her meeting with President Sirleaf and her interactions with both old and young Liberians during LEITI outreach on the campus of AME University on Camp Jonson Road and in Sackie Town, Bomi County as some of her memorable experiences in Liberia.

Lucienne is a rising fourth-year student in the Law-Psychology

Program at the Institute for Graduate Clinical Psychology at Widener University. She attends graduate-level psychology classes on Widener's main campus in Chester, Pennsylvania, and receives her legal education at the Widener University School of Law in Wilmington, Delaware. At the end of this six-year program, she will receive her Doctorate in Clinical Psychology (PsyD), as well as her Juris Doctor (JD). Lucienne is interested in becoming professionally involved in international relations after graduation, and believes that the best way to understand the key concerns of a particular society is to experience them first-hand. As a result, she has spent previous summers working in Europe and Australia. She is grateful for the opportunity to help LEITI establish the transparency and accountability that will allow all Liberians to benefit from revenues generated by the country's plentiful natural resources.

Lucienne made a very insightful and thoughtful presentation to members of the LEITI during the 26th Meeting of the MSG held on July 30, 2009.



## LEITI Newsletter

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