

CONCESSION TRANSPARENCY

MAPPING CORRUPTION RISKS IN THE MINING SECTOR OF LIBERIA



CENTAL



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Center for Transparency and Accountability in Liberia

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CENTAL is established with the conviction that increased citizens' participation in the public and private sectors, through awareness and sensitization, the conduct of quality research, and forging links with international and local institutions committed to the fight against corruption would strengthen and encourage accountability and transparency nationwide.

CENTAL is based in Monrovia, but has a cadre of integrity ambassadors in parts of the country through its Integrity Clubs.

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TABLE OF CONTENTS

Acknowledgement	4
List of Acronyms	5
Executive Summary	6
Introduction	8
Background of Mining Sector in Liberia	9
Concession Regulatory Bodies	11
Composition of the Inter-Ministerial Concession Committee (IMCC)	12
Types of Mining Licenses	13
Legal and Administrative Framework in Awarding Concessions in Liberia	17
Research Scope and Focus	19
Methodology	20
Limitations of the Research	21
Description and Analysis of Contracting, Permitting, Process, Practice and Context	21
Official Exploration License Process Map	23
Vulnerabilities and Risks: Worksheet A	25
Corruption Risks Work Sheet C	27
Prioritization of Risks	41
Discussion of the Results	44
Conclusion	45
Recommendations	46
References	48
Annexes	51

List of Figures and Tables

Figure 1: Diagram of Mining Licenses in Liberia	15
Table 1: Structure of the IMCC	12
Table 2: Fees of Mining Licenses	16
Figure 2: Pictorial of Mineral Exploration Map	19

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LIST OF ACRONYMS

ASM	Artisanal and small – scale Mining
AM	ArcelorMittal
CUI	China Union Investment
CSR	Corporate Social Responsibility
EITI	Extractive Industries Transparency Initiative
FDI	Foreign Direct Investment
GODIMWUL	Gold & Diamond Miners Workers Union of Liberia
GOL	Government of Liberia
GDP	Gross Domestic Product
LEITI	Liberia Extractive Industries Transparency Initiative
LGS	Liberia Geological Survey
LRA	Liberia Revenue Authority
LSM	Large – Scale Mining
MDA	Mineral Development Agreement
MSG	Multi – Stakeholder Group
MLME	Ministry of Lands Mines & Energy
MOL	Ministry of Labor
NBC	National Bureau of Concession
NMML	New Minerals and Mining Law
NIC	National Investment Commission
PRSP	Poverty Reduction Strategy Paper
PWYP	Publish What You Pay
TI	Transparency International

EXECUTIVE SUMMARY

This research was conducted by CENTAL as part of Transparency International's Mining for Sustainable Development (M4SD) Program, being implemented in twenty (20) countries worldwide. Generally, it seeks to identify, analyze and proffer recommendations to address corruption risks and vulnerabilities in processes leading to the award of mining licenses, permits and contracts in Liberia. The overarching objective is to ensure transparency and accountability in the licensing process to boost government revenues and address long-standing issues of corruption and bad governance that have undermined effectiveness of the sector. Moreover, it intends to address felt needs of affected mining communities and improves sustainable economic growth and development in the country. The study was performed by a consultant and a representative from CENTAL, between February and November 2017 in Montserrado with field visits to mining communities in Bong and Nimba Counties.

Following careful examination of the licensing process, through desk research (analysis of laws, policies and regulations), and field work, comprising meetings, interviews and focus group discussions with key stakeholders (including government officials, mining companies, civil society, media actors and ordinary citizens, and affected mining communities), the below key findings have emerged:

First, there is widespread corruption across the entire mining value chain, especially the licensing and concession granting processes. Collusion, extortion, facilitation payments/ bribery, manipulation, abuse of power and vested interest are major corruption risks and vulnerabilities identified. This is particularly common among public officials and powerful industrial executives who connive to exploit the system for personal gains;

Second, governance of the sector is wide-ranging with complexities that negatively impinge on effective functioning. There are varying legal and institutional frameworks for mining activities- key among them are the Mining and Mineral Law of 2000; the Regulations and Guidelines on Mineral Exploration including statutory bodies and ad-hoc committees that manage and supervise the sector. They include the Ministry of

Lands, Mines and Energy; National Investment Commission; Environmental Protection Agency; National Bureau of Concession; Inter-Ministerial Concession Committee (IMCC); the Presidency; and Legislature. These agencies and ministries collaborate to award various mining rights to investors. However, the award process is characterized by complexities, especially delays in processing contracts and licenses; unclear application procedures; and multiple actors signing onto concessions.

Third, there is limited enforcement of laws and regulations as well as deliberate disregard for key requirements. Due diligence in reviewing applications and properly scrutinizing draft concession agreements is weak and ineffective. Among other things, the Legislature and Inter Ministerial Concession Committee knowingly fail to properly negotiate better deals and award concessions as well as rectify gaps associated with the licensing process; and

Fourth, major stakeholders, especially citizens' participation and access to essential information are exceedingly limited, thereby leading to frequent violation of affected mining communities' rights. Specifically, stakeholders' consultation pursuant to Section 90 of Public Procurement Concession Act, including Free Prior and Informed Consent (FPIC), which provides for meaningful citizens' engagement and participation in decisions in awarding their lands for concessional activities, have not been fully applied.

To address these vulnerabilities and corruption risks in the licensing process, the below recommendations are proposed for consideration:

1. Strengthen anti-corruption measures and institutions to combat entrenched culture of impunity, which has undermined enforcement of laws and integrity building efforts in the country over the years. This entails increased political will at the highest level; promoting robust check and balance system; and taking pragmatic actions to address impunity and other enablers of corruption and bad governance in the system;
2. Streamline and simplify the application procedures and contracting process to avoid complexities involved with acquiring license. Among other actions, reduce the number of actors signing onto concession agreements; abide by the "First In First Access (FIFA)" principle; and timely publicize information at every stage of the award process;
3. Ensure scrupulous enforcement of mineral and mining laws and regulations as well as anti-corruption measures at all times to reduce corrupt practices and secure deals that will maximize social and economic benefits for the country. Also, make sure that those who serve on IMCC have integrity; are knowledgeable; and are compelled to act with transparency and accountability in making award decisions.

INTRODUCTION

4. Increase stakeholders' participation and access to relevant information to enable them make informed decisions. This includes adhering to Free, Prior and Informed Consent (FPIC) principle to protect the rights of citizens and residents of affected mining communities—ensure that mining companies provide Corporate Social Responsibility benefits and other payments for damaged crops, loss farmlands and other negative impact of mining.

INTRODUCTION

The award of mining licenses and concessions for the extraction of mineral resources such as iron ore, gold, diamond including lending of arable land create huge economic wealth for many nations and its people. But in Liberia, this is far from reality due to heightened risks of corruption and multiple governance challenges including bribery, facilitation payments and regulatory capture. This results from entrenched culture of impunity, lack of due diligence and weak enforcement of laws and policies that have undermined productivity of the sector.

This research analyzes, ranks and proffers solutions to key corruption risks and vulnerabilities in the licensing process of Liberia's mining sector. Mainly, it covers the period from 1950 to 2015 considering nearly all past and existing large-scale mining concessions and mineral development agreements awarded to investors. These include concessions granted to Liberia American Swedish Mining Company, Bong Mining Company, China Union, Arcellor Mittal and Putu Iron Ore Companies respectively. The overarching objective is to identify systemic, regulatory and institutional vulnerabilities in awarding mining licenses, permits, and contracts and to assess specific corruption risks created by these vulnerabilities, measure their likelihood and prioritize each based on the magnitude and impacts.

This study is broadly organized into three main sections. The first section provides an overview of Liberia's mining sector with emphasis on legal and regulatory frameworks; key stakeholders and actors; and past concession agreements awarded, reflective of their financial contributions, economic benefits, and accompanying challenges. Also, it outlines processes leading to award of mining rights, especially for large-scale mining operations in the country. The second segment assesses, ranks and prioritizes core corruption risks and vulnerabilities that have undermined effectiveness and efficiency of the licensing process and overall governance of the sector. The third and final segment concludes the report and proffers recommendations on effective means of addressing identified systemic weaknesses to promote integrity and reduce the incidences of corruption in the licensing process in Liberia.

BACKGROUND OF THE MINING SECTOR IN LIBERIA

For almost a century now, Liberia's economy has been shaped by concessional activities. Particularly, mining of iron ore, gold, diamond, including lending of arable agriculture land have been the leading sources of national income. It dates back as far as 1926, when Liberia entered “a one million acres concession deal for ninety nine (99) years with Firestone without a well-regulated legal award process that could yield optimal economic benefits”¹. Due to heavy reliance on extractive revenues for economic growth and development, succeeding governments did likewise—awarded concessions to companies without due diligence and full compliance with relevant laws and policies. A Global Witness (2010) report also indicated that, “Liberia, in its rush to restart the forest and mining sectors, the Government is repeating past mistakes that resulted into resource-fuelled instability, corruption and poverty”. Adding, the “Government is mismanaging its forest and minerals, breaking its own laws and giving contracts to companies that are not paying their taxes². ”

Indicative of overreliance on extractive revenues, “between 1944 and 1971, the number of concession companies increased in the mining sector”³. This coincided with introduction of the “Open Door Policy” under former President William V.S Tubman. During this period, “the capital inflow increase drastically amounting to \$420 million due to foreign direct investment”⁴. The sole purpose was to enhance economic growth and political stability through concession and trade agreements, which brought in the Liberia American Swedish Mining Company (LAMCO) and Bong Mining Company (BMC) among others. This led to huge boom in foreign direct investment in the 1950s that generated enormous revenues in the tune of Billion United States Dollars from the extraction of iron ore and export of rubber. Liberia experienced economic growth and became one of the fastest growing economies in the world. However, this massive growth in GDP could not alleviate poverty or enhance economic development of its small growing population.

In part, this can be likened to the “Dutch Disease” phenomenon whereby growth in national income from the extraction of natural resources do not translate into economic development.

¹ Van Der Kraaij, Fre P.M, The Open Door Policy –An Economic History of Modern Liberia, Bremen, 1983 <http://www.liberiapastandpresent.org/OpenDoorPolicy.htm>

² Corruption and Conflict in Liberia, Global Witness <https://www.globalwitness.org/en/campaigns/liberia/>

³ Global Security-Harold D. Nelson March 1985 http://www.globalsecurity.org/military/library/report/1985/liberia_intro.htm

⁴ The Role of Transitional Companies in the Economic Development of Liberia Jerker Carsson and Nordiska 1977 <http://www.diva-portal.org/smash/get/diva2:275786/FULLTEXT01.pdf>

The country's poor economic condition continued under subsequent governments and was characterized by rising unemployment, high price of rice, Liberia's staple food and increasing pressure from political parties that triggered the 1979 rice riot. Eventually, this intensified tension amongst politicians including tribal divisions between elites and native Liberians across the country, which resulted into civil crisis in 1989. This situation shattered the economy for more than a decade, causing foreign investors to evacuate the country fearing insecurity and unpleasant business climate.

Since the end of the civil unrest in 2003, major reforms have taken place. The ultimate purpose is to curtail corruption, ensure checks and balances and resuscitate the extractive industry - a major contributor to the country's economy. Numerous integrity institutions have been established and important legislations passed to address the scourge of corruption and other vices in society. The Liberia Anti-Corruption Commission, Liberia Extractive Industries Transparency Initiative (LEITI) General Auditing Commission (GAC), Public Procurement Concession Commission (PPCC) and Internal Audit Agency (IAA) have all been setup to support the process.

Between 2004 and 2016, the Liberian Government signed new concessions and renegotiated existing ones entered into by previous administrations. Currently, four multinational companies have been granted concession rights to explore, mine and prospect iron ore in Liberia. They include ArcelorMittal (1.3 billion USD concession based in Nimba County); China Union (2.6 billion USD concession based in Bong County); the Western Cluster (1.4 billion USD based in Bomi County); and Putu Iron Ore (2 billion USD concession based in Grand Gedeh) respectively. At the same time, Bea Mountain, Areus Mining and MNG Gold are involved in alluvial gold and diamond mining.

Recent statistics from LEITI (2012-2013) report shows that the mining sector "attracted massive foreign direct investment totaling 7.6 Billion USD from the extraction of iron ore since the end of the civil unrest in 2003"⁵. Also, a study conducted by Agnieszka Paczynska in 2016 states that, "since 2005, FDI flows into Liberia have increased significantly, reaching approximately \$16 billion"⁶. In fact, on overall rating, the mining sector has attracted the largest inflow of Foreign Direct Investments from the productive sector, which is primarily driven by contributions from mining of iron ore, diamond and gold. This reemphasizes the significance of the mining sector to economic growth and development in Liberia.

⁵ Liberia Extractive Industries Transparency Initiatives <http://www.leiti.org.lr/key-documents.html>

⁶ Liberia rising? Foreign direct investment, persistent inequalities and political tensions, Agnieszka Paczynska 2016 https://www.stimson.org/sites/default/files/file_attachments/Paczynska%202016%20B3%20D.pdf

CONCESSION REGULATORY BODIES

There are several major bodies relevant to granting of mining concessions in Liberia. However, “the Ministry of Lands, Mines and Energy (MLME) is the main government agency statutorily mandated to administer all activities related to land, mineral, water and energy resources exploration⁷”. The MLME is charged with supervision of the mining sector, particularly granting of licenses, contracts and concessions. It is regulated under the 2000 Mineral and Mining Law (MML) and the Regulations and Guidelines on Mineral Exploration. MLME’s work is supported by the Inter-Ministerial Technical Committee that provides guidance and technical advice regarding concession agreements and mining operations. Below is a structure of the Inter-Ministerial Technical Committee.

Composition of the Inter-Ministerial Technical Committee (IMTC)		
1	Ministry of Lands, Mines and Energy	Chair
2	Ministry of Justice	Member
3	Ministry of Finance and Economic Planning	Member
4	National Investment Commission	Member
5	Ministry of Labour	Member
6	The Council of Economic Advisor to the President	Member
7	Central Bank of Liberia	Member

The MLME also collaborates with other agencies like the National Investment Commission (NIC) on concession negotiation and trade deals; Public Procurement Concession Commission (PPCC) on promoting and ensuring compliance with public procurement guidelines and procedures in awarding contracts and concessions; National Bureau of Concessions (NBC) on concession monitoring and evaluation; and the Environmental Protection Agency (EPA) on public health and environmental safety issues. All these agencies are established by legislative enactments, but work in concert to grant mining licenses and contracts in the country.

Additionally, the Inter-Ministerial Concession Committee (IMCC), which is an ad-hoc committee established by the President, also negotiates, evaluates and awards concession agreements for ratification by the Legislature. The IMCC is chaired by the National Investment Commission (NIC) and comprises several ministries and agencies that have direct or indirect links to natural resource governance in the country. The committee becomes more proactive when investors

⁷ Summary of the Seventh & Eighth EITI Reconciliation Reports for Liberia, Liberia Extractive Industries Transparency Initiatives http://www.leiti.org.lr/uploads/2/1/5/6/21569928/leitireport7th_8thsummaryfinalforprinting.pdf

complete all necessary requirements for securing exploration licenses and provides sufficient proofs of mineral deposits for production operation to the Ministry of Lands, Mines and Energy.

Composition of the Inter-Ministerial Concession Committee (IMCC)

The “IMMC is constituted on an ad-hoc basis as required for each concession in accordance with section 82 of the Public Procurement and Concession Act”⁸. Under the mining sector, the IMCC includes the below ministries and agencies. Their work is to ensure that all legal requirements are met before concession/mineral development agreements can be formulated and forwarded to the Legislature.

ENTITY/AGENCY/LINE MINISTRY	ROLE
National Investment Commission	Chair
Ministry of Lands, Mines and Energy	Member
Ministry of Justice	Member
Ministry of Finance and Economic Planning	Member
Ministry of Internal Affairs	Member
Ministry of Labour	Member
Two other ministries appointed by the President representing the collective interest of various sectors of the economy connected to concessions	
Table 1. Structure of the IMCC	

The Legislature conducts public hearings and solicits inputs from relevant stakeholders, including civil society actors, to inform their decisions. When the agreement is ratified, the revised version is sent to the President for endorsement, after which it is printed into handbill as law, thus giving the concession company legal rights to operate. Another relevant institution in the extractive sector is the Liberia Extractives Industries Transparency Initiative (LEITI), established in 2008 by legislative enactment. LEITI works to ensure transparency in disclosure of revenues received and payments made from concession companies to government; independently reconcile and verify all payments made by investors and what ought to be received by Government. However, LEITI does not serve as member on the Inter-ministerial Concession Committee.

⁸ AMENDMENT AND RESTATEMENT OF THE PUBLIC PROCUREMENT AND CONCESSIONS ACT, 2005
http://ppcc.gov.lr/doc/PPCA%20_Sept%2013%202010%20_FINAL.pdf

Despite establishment of all these anti-graft institutions to ensure proper scrutiny of concession agreements and fairness in the award process, there are still plethora of issues related to bad governance, including corruption and abuse of entrusted power amongst public officials.

TYPES OF MINING LICENSES

In Liberia, “all mining licenses are awarded under the 2000 Mineral and Mining Law (MML) of Liberia used by the Ministry of Lands, Mines and Energy”⁹. Below are the various categories of licenses and brief explanations:

- **A Class ‘A’ Mining** license is granted under Section 6.5 of the 2000 MML. The initial term of the Class ‘A’ Mining license shall not exceed 25 years, and may be extended for the same term if proven reserves exist and upon submission of a revised and updated feasibility report. This License is granted to an eligible applicant who has met the following requirements: is materially in compliance with Mineral Development Agreement; has successfully completed a proposed exploration program; has submitted to the Minister a detailed map description and discovery of exploitable mineral deposits and identified a Proposed Production Area; and provided a complete feasibility report describing a plan for the efficient and economic conduct of mining in the Proposed Production Area. The feasibility report must be approved by the Minister.
- **Class ‘B’ Mining** license is granted under section 6.4 of the NMML of 2000. It covers an area not more than hundred (100) acres, no portion of which is within 500 meters of any portion of another mining licenses held by the same Licensee. The initial term of the Class ‘B’ Mining License is for 5 years and is renewable for the same term. It is exclusively for the exploitation of secondary mineral deposit.
- **Class ‘C’ Mining** license is granted under section 6.3 of the NMML of 2000. It covers an area not exceeding 25 acres of land and it is awarded for a period of 1 year and renewable for the same term. No portion of which is within 500 meters of any portion of another mining license held by the same Licensee. It is exclusively for the exploitation of secondary mineral deposit. The holder of a Class ‘C’ Mining License shall conduct mining operations only as a small-scale operation (manually, not mechanized).

⁹ New Mineral and Mining Law (NMML) of 2000 file:///C:/Users/admin/Documents/MINING%20RESOURCE%20DOWNLOADED/Liberia%20Minerals%20and%20Mining%20Law%202000.pdf

Types of Research Licenses

Reconnaissance License is issued over an unencumbered parcel of land not exceeding 2000 km for a maximum period of 6 months which is renewable only once for another 6 months provided that the operator has met all the requirements set forth in the Mining Law and other pertinent mineral regulations. The operator of this license is expected to conduct non-invasive geologic exploration (grab sampling, no drilling or sinking of pits). A holder is expected to submit an evaluation report of the mineral potential of the area within 3 months after expiration of the license.

- Prospecting License is granted under section 5.2 of the NMML of 2000 in an area not to exceed 100 acres and is granted for the initial period of 6 months with likelihood of extension for another 6 months provided the operator has met all requirements under the Mining Law and other relevant regulations. It is not interpreted as the right to conduct commercial mining operations.
- Exploration License is granted under section 5.3 of the NMML of 2000 in an area not exceeding 1000 acres of land and is not encumbered by another person. The initial terms shall not be more than 3 years and may be extended for a single 2 year term upon written application of a holder who has fulfilled its work and obligations and complied with the terms and conditions of the Mining Law and the Mineral Exploration Regulations. An Exploration Agreement must be concluded between the holder and the Government and a proposed work program must be submitted to the Minister within 90 days upon commencement of operations. For a firm holding Exploration rights, the cost of the license is \$5,000 plus a surface rental fee based on the size of an area.

Mineral Development Agreement

- Mineral Development Agreement is granted for a period no longer than twenty-five 25 years and subject to periodic review every five years to consider modifications. Under Section 6.6 of NMML, MDA must be in conformity with Section 5.3 and 6.5 of the law whereby eligible applicant must have received Exploration License or Class A Mining License. Also, an applicant must provide proven evidence of mineral deposit or reserve in said area of exploration to the Ministry of Lands, Mines and Energy including a formal request for extension of its Exploration License for the purpose of confirming the terms and conditions that will govern the Company's transition to a Class A mining license and its operations under a Class A mining license. The terms and conditions for granting MDA are negotiated by the Ministry of Lands, Mines and Energy through special committees

established by the President of Liberia called Inter-Ministerial Technical Committee and Inter-Ministerial Mineral Concession Committee using the standards set forth in the “2000 Mineral Development Agreement”.

DIAGRAM OF MINING TITLES AND LICENSES IN LIBERIA

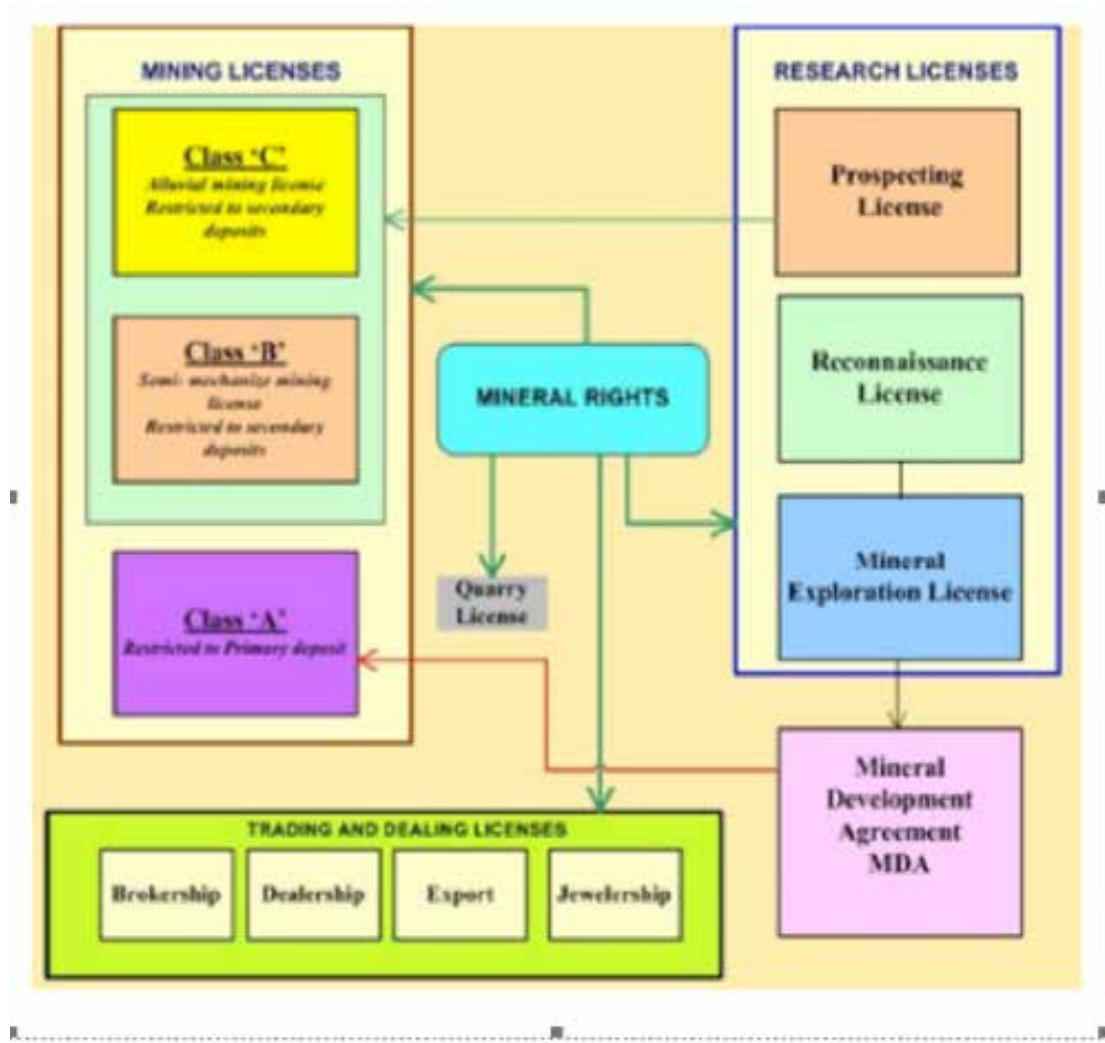


Figure 1 Source Liberia Case Study Report 2012 by Estelle Levin

Indicative of the diagram above, Prospecting, Reconnaissance and Exploration are considered as Research Licenses, while Class C, Class B and Class A are referred to as Mining Licenses. However, Exploration License, which is a Research License and Class A also known as Mining License are both used as prerequisite for granting of Mineral Development Agreement. Moreover, all these licenses are awarded by specified tenure, acres of land and a required non-refundable application fees that must be paid to government revenue.

Fees of Mining Licenses

FEES KIND	Amount \$USD
DIAMOND	
Diamond Class C. Mining License	150
Diamond Class B. Mining License	10,000
Diamond Class A. Mining License	35,000
Diamond Broker License	1,500
Diamond Cut and Polish License	35,000
Diamond Dealer/Export License	25,000
Diamond Royalty	3%
GOLD	
Gold Prospecting License	125
Gold Semi Precious License	150
Gold Class C Mining License	150
Gold Class B Mining License	10,000
Gold Class A Mining License	35,000
Gold Broker License	1,500
Gold Dealer/Export License	5,000
Gold Class A Jewelry License	3,000
Gold Class B Jewelry License	1,000
Gold Class C Jewelry License	500
Gold Class D Jewelry License	250
Gold Royalty	3%
SCRAP	
Scrap Broker License	600
Scrap Exploration License	5,000
Scrap Royalty	3%
OTHER LICENSE	
Laterite Mining License	3,000
Blasting License	3,000
Exploration License	1,000
Sand Dredging License	10,000
Quarry License	10,000
Industrial Mineral Royalty	2%
Class A Iron Ore Mining License	50,000

Table2 Source: Joint Administrative Regulation MLME/MOF 2010 file:///C:/Users/admin/Documents/MINING%20RESOURCES%20DOWNLOADED/MLME%20Licensing%20Process.pdf

LEGAL AND ADMINISTRATIVE FRAMEWORKS IN AWARDING CONCESSIONS IN LIBERIA

In Liberia, several laws and policies have been legislated to govern the extractive industry, of which the mining sector is a critical component. Key among them is “the Mineral and Mining Law (NMML) of 2000 that gives rights to investor or company to prospect for mineral or carry on mineral processing operations in Liberia”¹⁰. Others include “the Mineral Policy of March 1, 2010”¹¹ and “Regulation Governing Mineral Exploration”¹² to help govern the mining sector. Additionally there are mix of other legislations and regulations, which are not specific to concession but are considered relevant in the award process.

- Public Procurement and Concessions Act 2005 (PPCA 2005)
- Amended and Restated Public Procurement and Concessions Act 2010 (PPCA);
- National Investment Commission Act 2010;
- National Bureau of Concessions Act 2011;
- Investment Act 2010;
- Public Lands Law - Title 34 - Liberian Code of Laws Revised; and
- Liberia Extractives Industries Transparency Initiative Act of 2009
- Liberia Revenue Code 2000 as amended by the subsequent laws;
- General Business Law 1978 as amended in 2002;
- Environment Protection and Management Law 2002;
- Investment Incentives Act 1973;
- Consolidated Tax Amendment Act (CTAA) of 2014

The above laws set the foundation and legal framework for obtaining mineral rights, licenses and concessions in Liberia. The Ministry of Lands, Mines and Energy has in place criteria for awarding contracts, licenses and allocation of concessions in the mining sector. The

¹⁰ New Mineral and Mining Law of 2000 [https://resourcegovernance.org/sites/default/files/Liberia%20Minerals%20and%20Mining%20Law%20\(April%203%202000\).pdf](https://resourcegovernance.org/sites/default/files/Liberia%20Minerals%20and%20Mining%20Law%20(April%203%202000).pdf)

¹¹ Mineral Policy of Liberia 2010 <http://www.eisourcebook.org/cms/June%202013/Liberia%20Mineral%20Policy.pdf>

¹² Regulation Governing Mineral Exploration file:///C:/Users/admin/Documents/MINING%20RESOURCES%20DOWN-LOADED/Liberia%20Regulations%20governing%20Explorationpdf

process is purely license-based for all categories of mineral rights; all applicants are required to follow procedures outlined by the Ministry of Lands, Mines and Energy (MLME) to submit applications. According to the Mining and Mineral Law of 2000, “applications are treated on a First-Come First Access (FIFA) basis” and all companies are required to abide by these laws and regulations to apply for mining rights (license to prospect, explore or mine mineral resources)”¹³.

Below is a “summary application process outlined under the NMML on how to apply for Exploration License”¹⁴.

- Investor/Company files an application with relevant documents to the office of the Minister;
- Application is stamped and dated by the Minister and sent to Mining Cadastre Unit;
- Cadastre proceeds with the application registration, vetting and coordinates;
- Upon availability of vacant landscape, all relevant documents are sent to Assistant Minister for exploration who then sends them to the Liberian Geological Survey (LGS);
- Liberia Geological Survey (LGS) vets the application including technical and financial requirements;
- If all requirements are satisfactorily met, the application documents are sent to Assistant Minister for Exploration who sends them back to the Cadastre Unit;
- Cadastre Unit submits payment form to Investor;
- Company proceeds with payment at the Ministry of Finance and brings flag receipt to Cadastre Unit;
- Cadastre Unit prepares license for signing by the Assistant Minister for Exploration;
- License is signed by the Assistant Minister and approved by the Minister;

¹³ New Mineral and Mining Law of 2000 [https://resourcegovernance.org/sites/default/files/Liberia%20Minerals%20and%20Mining%20Law%20\(Aproved%20April%203%202000\).pdf](https://resourcegovernance.org/sites/default/files/Liberia%20Minerals%20and%20Mining%20Law%20(Aproved%20April%203%202000).pdf)

¹⁴ Liberia Extractive Industries Transparency Initiatives Moore Stephens May 2013 file:///C:/Users/admin/Documents/MIN-ING%20RESOURCES%20DOWNLOADED/leiti_post_award_process_audit_final_report.pdf

PICTORIAL OF MINERAL EXPLORATION MAP

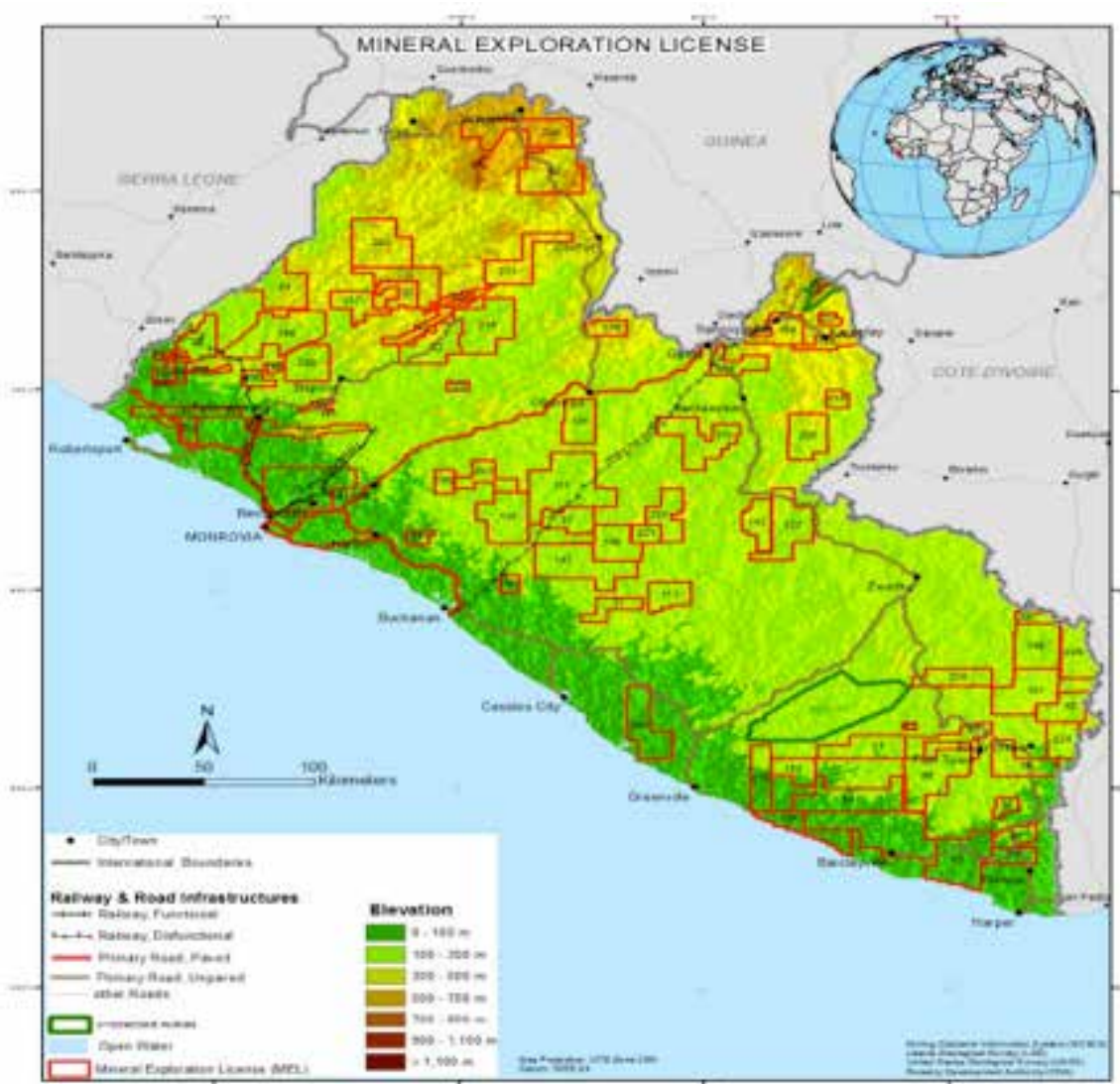


Figure 2. Photo Courtesy of Liberia Geological Survey

RESEARCH SCOPE AND FOCUS

There are two main categories of mining operations in Liberia: Artisanal Small Scale Mining and Large Scale Mining. Artisanal Small Scale Mining (ASM) is unregulated; provides minimum revenues to the government and economy; and is a source of livelihood opportunity to low-income earners, especially rural community residents. Meanwhile, Large Scale Mining (LSM) focuses on multinational companies and huge foreign direct investments that provide substantial revenues and increased economic benefits to the state. While both subdivisions are vital to

Liberia, emphasis is placed on Large Scale Mining due to its high revenue inflows, increased job opportunities, and huge potential for enhancing economic growth and development. Over the last decade, LSM has attracted huge foreign direct investments totaling over Seven (7) Billion United States Dollars, which have boosted government revenues and helped to fund development initiatives. According to LEITI 7th and 8th reports (2013/14), “revenues collected from the mining sector amounted to US\$78.85 million representing 8.83 per cent of GDP. At the same time, in 2014/15 the sector contributed US 53.38 million accounting for 5.95 percent of GDP”¹⁵. This indicates its relevance to Liberia’s economy in terms of generating added revenues; enhancing economic development and creating wealth for many, when managed judiciously, accountably and transparently.

METHODOLOGY

This research was conducted using the Mining Awards Corruption Risk Assessment (MACRA) tool developed by Transparency International based on its experience with corruption risk assessment in other fields like the National Integrity Systems (NIS). The MACRA tool, which provides a well-structured and systematic approach to identifying and assessing corruption risks in the mining sector, was adopted by the twenty (20) participating countries under the Mining for Sustainable Development Programme.

The approach also included a combination of primary and secondary data collection methods to generate information and determine the levels of corruption risks and vulnerabilities in the mining sector of Liberia. As such, primary data were gathered through key informant interviews and consultations with fourteen (14) stakeholders in the sector. They include respondents from government ministries and agencies, particularly the Ministry of Lands Mines and Energy; Liberia Extractive Industries Transparency Initiative, Public Procurement Concession Commission, National Investment Commission and Legislature. Also, respondents from China Union Investment, Acellor Mittal, and Bea Mountain companies were interviewed. Similarly, two focused group discussions were conducted in Bong and Nimba Counties comprising twenty (20) participants drawn from concerned affected mining communities, local county leadership, and community based organizations and civil society organizations. Altogether, thirty-four (34) stakeholders were targeted during various consultations, interviews, roundtable meetings and focused group discussions, which informed development of the report.

Furthermore, secondary data were obtained from desk research of relevant literature and

¹⁵ Liberia Extractive Industries Transparency Initiatives 7th & 8th Report http://www.leiti.org.lr/uploads/2/1/5/6/21569928/leiti_report_7th___8th_summary_final_for_printing.pdf

publications from online sources including review of reports, mining laws, policies and regulations to identify trends, highlight key issues to support the research outcomes. The report was also validated by more than fifteen (15) persons, comprising representatives of public integrity institutions, particularly Liberia Extractives Industries Transparency Initiative, Public Procurement and Concession Commission; National Bureau of Concession, Mining Companies, Media Institutions and Civil Society Organizations.

LIMITATIONS OF THE RESEARCH

The research was inaugurated to investigate and proffer solutions to weakness in the mining sector that undercut its effectiveness and efficiency. It does not discuss the mining sector in entirety, as important areas such as corporate social responsibility, beneficial ownership, and land rights were/are not covered. Additionally, timely gathering of relevant information was somehow difficult due to time constraints, rare data, inadequate information and delays in accessing interviewees/respondents as many feared exposure due to the sensitive nature of the research.

Ethical Considerations

The research team made concerted efforts to preserve the integrity and confidentiality of the study. Among other actions taken, formal consent memorandum was sent out to various respondents detailing the purpose of the research and their rights to participate in and decline from further engaging with the process. Also, respondents were timely and adequately informed about the nature of the research and their involvement to guarantee mutual trust and confidence. Additionally, ample time was provided for questions posed to avoid errors in responses. Most importantly, respondents were assured that information gathered was strictly confidential and would be used only for the purpose of the research.

DESCRIPTION OF THE AWARDING PROCESS, PRACTICE AND CONTEXT

Liberia has several institutions, laws and policies governing the mining sector. Collectively, these laws, policies and regulations outline how, when and to whom applications for various mining rights (licenses, permits and contracts and or MDAs etc.) are processed. Amongst them, the Ministry of Lands, Mines and Energy oversees all mining activities within the extractive sector, but is aided by other line ministries and agencies, principally the National Investment

Commission, Environmental Protection Agency, National Bureau of Concession in awarding contracts and concession agreements. Also, the Legislature plays key roles in reviewing and ratifying all concession agreements and MDAs, when preliminary works have already been consummated by Inter-Ministerial Committee. Thereafter, it is forwarded to the President for final approval and printed into handbill as a legal instrument.

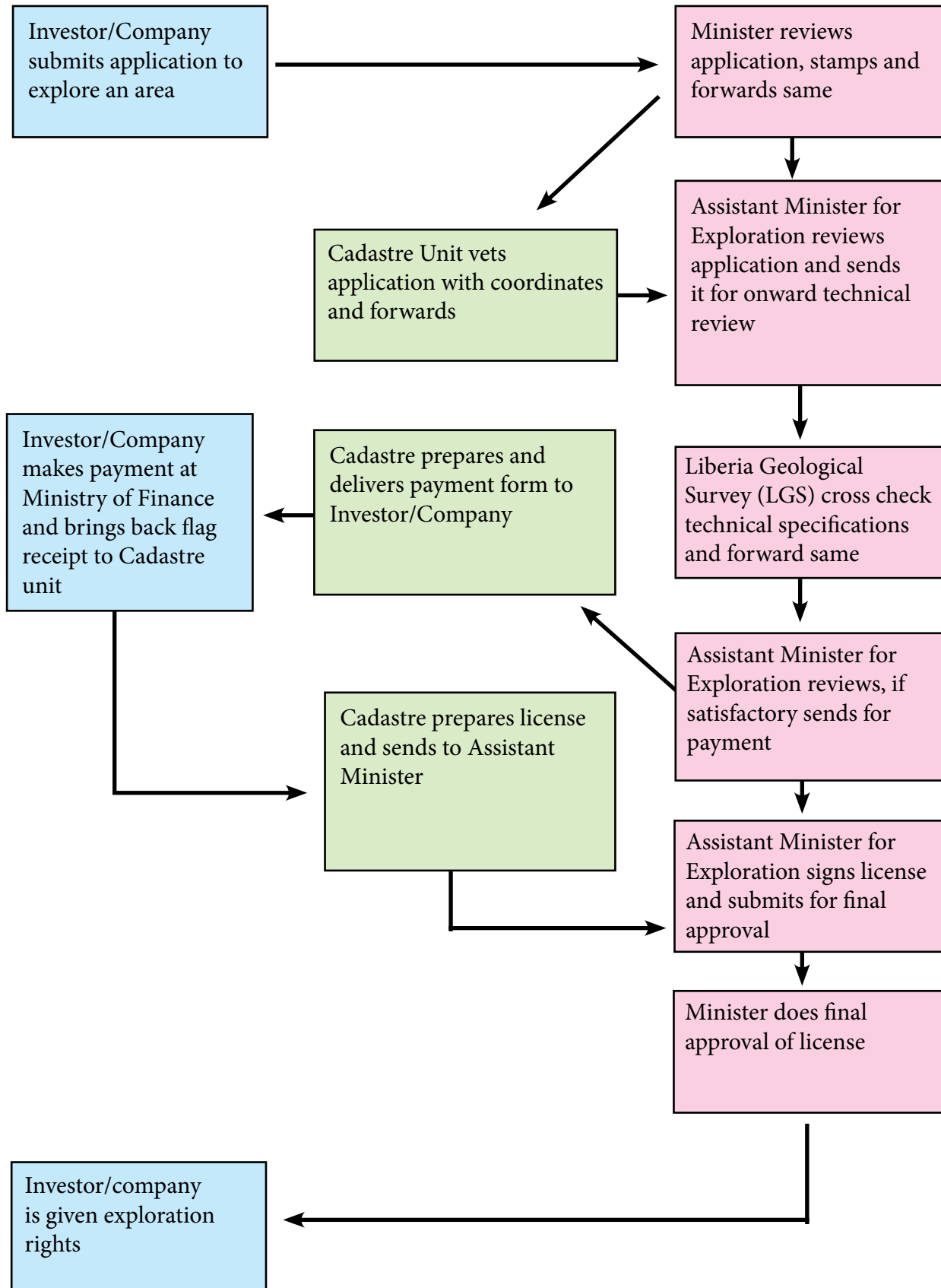
Policy wise, the New Mineral and Mining Law (NMML) of 2000, and Regulations and Guidelines on Mineral Exploration are the two leading documents upon which foundational frameworks for mining-related activities are enforced. However, they are supported by other laws and legislative enactments such as the Public Procurement and Concession Act 2005 (PPCA 2005); the Amended and Restated Public Procurement and Concessions Act 2010 (PPCA); National Investment Commission Act 2010; National Bureau of Concessions Act 2011; and Liberia Revenue Code 2000 as amended by the subsequent laws. Others include Environment Protection and Management Law of 2002; Investment Incentives Act of 1973; Investment Act of 2010; Public Lands Law -Liberian Code of Laws Revised; Environmental Protection Guidelines for Mineral Exploration and Exploitation and Liberia Extractive Industries Transparency Initiative Act of 2009 to ensure that licenses and concessions are negotiated and granted in accordance with enshrined laws and regulations.

Under the aforementioned laws and regulations, the Ministry of Lands, Mines and Energy receives all applications for research licenses (prospecting and reconnaissance including Class C and B licensees). The MLME has authority to exercise legal judgment in awarding the above mineral rights. The only exception is Class A mining license and mineral development agreement where it is required to work along with other oversight bodies/ad-hoc committees, especially the Inter-Ministerial Concession Committee and Inter-Ministerial Technical Committee to vet, validate and approve applications tendered from Exploration license holders or from bidding for proposed production area for MDA.

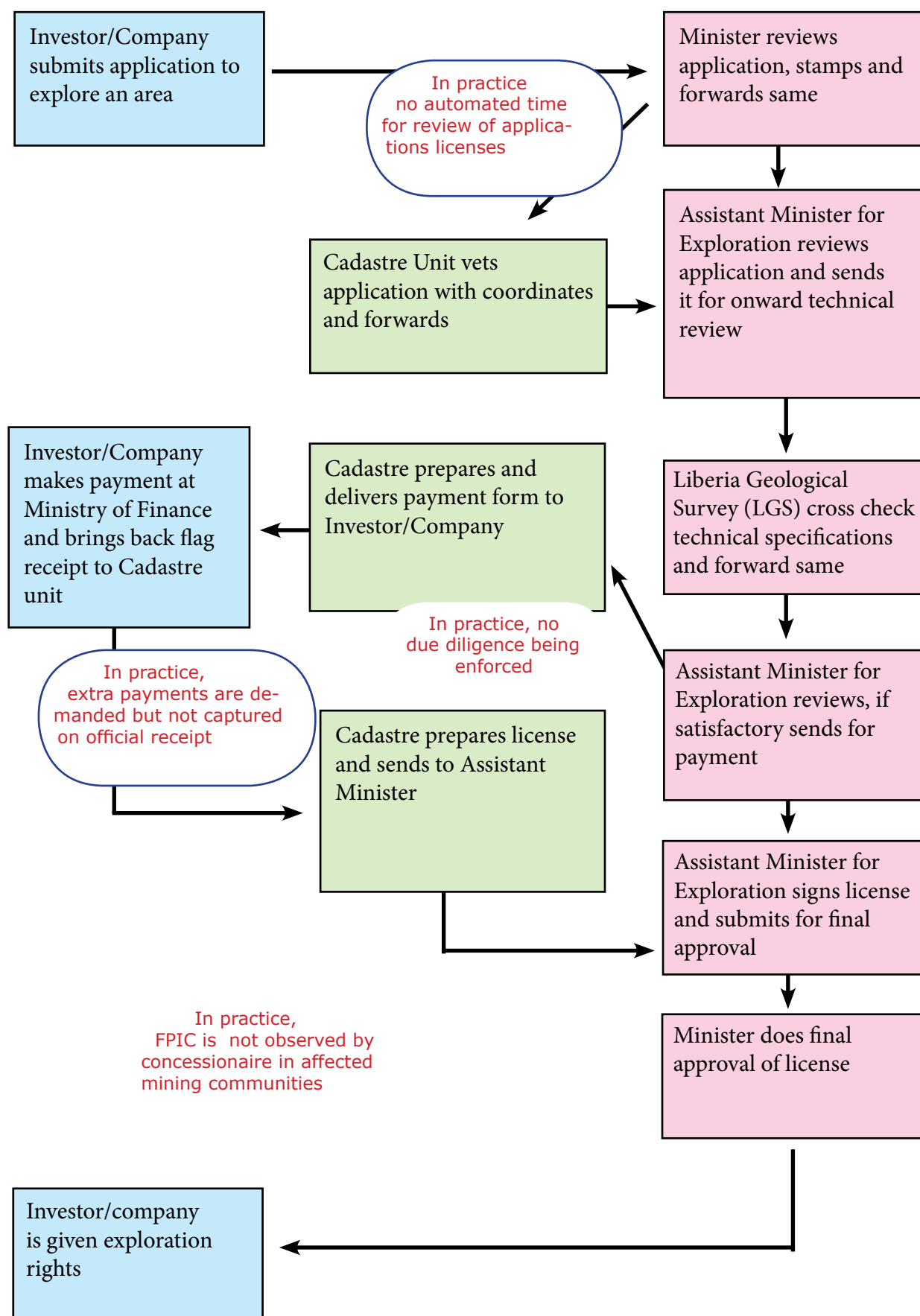
However, key legal requirements provided for in various mining laws and policies, are ignored/ violated during contract negotiation and award processes. For example, requirement for free, prior and informed consent of affected communities residents are often ignored when granting concessions to investors. This means that citizens' interests and concerns are usually downplayed, as can be seen in several poorly negotiated agreements with limited financial and social benefits to citizens, especially inhabitants of areas covered by mining related activities. Often than not, legal requirements meant to ensure good governance, transparency and accountability to boost investors' confidence are circumvented to incentivize corrupt behavior.

OFFICIAL EXPLORATION LICENSE PROCESS MAP

The below diagrams illustrate the licensing and contracting process, including interactions



between and among the different actors in granting concessions and licenses to miners.



WORKSHEET A: VULNERABILITIES AND RISKS

Vulnerabilities	Resulting corruption risks
Political influence/pressure from senior executives undermines adherence to legal requirements in granting mining concessions and contracts/licenses.	What is the risk that mining laws have been or will be if reform is planned, written to favor private interest before public interest?
External influence/interference in the award process undermines due diligence and competitive licensing system.	What is the risk of external interference in Lands, Mines & Energy Ministry award of licenses?
Workload of Ministry's employees do not commensurate with salaries and benefits, which serve as recipe for corrupt behavior in discharge of their duties.	What is the risk that salaries of the Lands, Mines & Energy Ministry staff are less than a living wage?
Non-compliance with required timetable in granting licenses, compromises legal requirements and leads to extortion or bribery by public officials to speedily process companies' applications.	What is the risk that the duration and timing of each step of the award process can be manipulated?
Lack of due diligence in reviewing and vetting applications for licenses by policymakers' create opportunity for companies to circumvent the laws or give misleading information to satisfy legal requirements.	What is the risk that there will be no due diligence of applicant's integrity, such as past lawful conduct and compliance?
License holders and companies' activities are not being effectively monitored in the field to ensure compliance with laws and regulations.	What is the risk that there will be inadequate monitoring of license and permit holders?
Limited skills and technical capacities of mining agencies' staff impedes effective performance of their job	What is the risk that Lands, Mines & Energy Ministry staffs do not have the skills to perform their job?
Affected mining communities not knowledgeable enough to demand and defend their rights	What is the risk that legal framework for consultation with affected communities and landholders are not publicly knowable?
Legal requirements on Free- Prior and Informed Consent (FPIC) and consultations with affected mining communities are often ignored during the award process	What is the risk that Free Prior and Informed Consent will be ignored as a result of corrupt practices?

Entrenched conflict of interest among policy makers creates biasness in awarding mining licenses and contracts	What is the risk of entrenched conflict of interest among politicians/policymakers in the award process?
Limited or no sanctions against public officials for unethical conducts leads to abuse of power and violations in the licensing process	What is the risk that impunity could reinforce corrupt practices among public officials?
Oversight bodies and policymakers often collude to compromise awards decisions based on private/personal interest	What is the risk that collusion between the Executive and Legislative branches of government in awarding concessions?
Government's overreliance on foreign direct investment for revenues leads to compromises and violation of key regulations in awarding concessions and licenses	What is the risk that government overreliance on extractive revenues could lead to hasty or wrongful award decisions?

RISKS ANALYSIS WORK SHEET

What is the risk that mining laws have been or will be if reform is planned, written to favor private interest before public interest?		Code CF1			
Likelihood Score 3/ 5	Evidence to support assessed likelihood 1. An ongoing indictment alleged that the Former Minister of Lands, Mines and Energy used his position and conspired to amend Liberia's public procurement and concessions law to declare a concession area as a non-bidding. Source: http://uk.reuters.com/article/uk-sable-mining-liberia-				
2. In a key informant interview, a renowned CSO representative mentioned that, "policymakers and lawmakers are often involved in collusion to circumvent laws for the personal gain instead of the state. Adding, citizens do not trust them nowadays. Source: Key informant interview with a civil society representative, Gbarnga May 7, 2017					
3. In a report republished by Rights & Resources, "there were a number of problems with the auctions, including concessions being awarded despite improperly documented applications, inadequate access to financing, and collusion among organizations Source: https://rightsandresources.org/wp-content/exportedpdf/countryreportliberiafinal.pdf					
4. Source:					
Impact Score 3/5	Evidence to support assessed impact 1. Following the signing of Mittal Steel deal, there were allegations of bribery, coercion and external pressure leading to the awarding and signing of the Mineral Development Agreement (MDA). Many critics and analysts considered the contract unfavorable to the new government and the people of Liberia. Global Witness' 2006 report "Heavy Mittal? Highlighted the following concerns Source: https://www.globalwitness.org/documents/.../mittal_steel				
1. Large-scale corruption involving high-level public officials was observed in the awarding of mineral rights Source: http://www.oecd.org/dev/Corruption-in-the-extractive-value-chain.pdf					
3. Former American Ambassador to Liberia, Madam Linda Thomas Greenfield "frowned on public officials awarding China Union the right to operate the Bong Mines based on interest" Source: http://aiddata.org/sites/default/files/naturalresourcesectorfordiandgrowthinpostconflictsettings_					
4. According to the Pantheon, "Corruption within both the public and private sectors of Liberian society has long been endemic. Scandals and allegations include the manipulation of contract bidding, the looting of state coffers, and the misappropriation of development aid by government officials". Source: http://pantheon.hrw.org/legacy/backgrounder/africa/liberia0905/7.htm					
Description of impact The use of undue political influence and interest often jeopardize enforcement of key regulations/ policies. Also, this undermines competition, credibility, due diligence and evidenced-based decision making which lead to bad concession agreements with limited benefits to society					
Assessment Likelihood x Impact = 3x3 Total score: 9					
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk that impunity could reinforce corrupt practices among public officials?					Code RA
Likelihood		Evidence to support assessed likelihood			
Score 5/5		1. According to Polity, "There are reports suggesting that Liberian government officials regularly engage in corrupt practices due to a culture of impunity, which is sustained by low pay for the civil service, minimal job training, and few court convictions". Source: http://www.polity.org.za/article/liberias-public-enemy-no-1-fighting-corruption-to-rebuild-a-nation-2013-06-24 2. A report published by Liberia Anti- Corruption Commission states, "There is a growing culture of silence and impunity and practices of corruption that continue to permeate the government, business, and society, at large. Adding, the lack of adequate political will to fight corrupt practices manifests in many ways". Source: http://www.lacc.gov.lr/public/images/stories/ANNUAL%20REPORTS/LACC%20STRATEGIC%20PLAN%202014-0APPROVED%20VERSION%20OCTOBER%2010%202014.pdf 3. A renowned Civil Society Actor from Justice and Peace Commission said, "Many concession deals are fraudulently done behind closed doors and whenever someone is alleged of corrupt practice, no punitive action is taken to prosecute the accused. "this has made the culture of impunity widespread in public sector". Source: Key informant interview with a Civil Society Actor, Monrovia, April 18, 2017 4 African Development Bank report asserts that. "Liberia must continue to build the state by capably delivering on the provision of security, justice and other public services and by avoiding a return to the cultures of patronage, impunity and corruption". Source:https://www.afdb.org/fileadmin/uploads/afdb/Documents/ProjectandOperations/LiberiaInfrastructure			
Impact		Evidence to support assessed impact			
Score 5/5		1. US Government Human Rights 2015 report on Liberia stated that, "Impunity remained a serious problem despite intermittent and limited government attempts to investigate, prosecute, and punish officials who committed violations, whether in the security forces or elsewhere in the government". Source: https://www.state.gov/documents/organization/252909.pdf 2. In a Liberia Country Report, it is stated that, " Formal measures to combat corruption continue to be hampered by the endemic nature of the problem, and there are mounting concerns that officials removed from office due to corrupt practices have not faced prosecution". Source: https://www.bti-project.org/fileadmin/files/BTI/Downloads/Reports/2012/pdf/BTI_2012_Liberia.pdf 3. According to the Perspective, "Perpetrators of corrupt practices become 'not guilty' even though there are available facts to prove otherwise. The culture of impunity has been a contributing factor to the sharp increment in the number of new corruption cases. Source: http://www.theperspective.org/2015/0218201501.php 4. A Global Witness report asserts that, "If the Liberian government is serious about turning the page on the past and using natural resources to improve the lives of its citizens rather than enrich the corrupt, enforcing laws and prosecuting government officials and companies who violate them should be its number one priority; this could make or break the country's future". Source: https://www.globalwitness.org/en/archive/liberia-systematically-breaking-			
Description of Impact					
The culture of impunity, triggered by the lack of political will, entrenches corruption among policy makers; promotes lawlessness and disregard for established regulations and policies. Also, it increases corruption, creates reputational damage for the government and country and lowers stakeholders' confidence in the award process.					
Assessment					
Likelihood x Impact = 5 x 5			Total score: 25		
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk of external interference in Lands, Mines & Energy Ministry award of licenses?					Code PD22
Likelihood		Evidence to support assessed likelihood			
Score 4/5		1. According to the Institute for Human Rights and Business report, “the government of Liberia’s bargaining position with multinational companies is weak, and is open to exploitation by some companies pushing for more favorable terms in concession negotiations. Foreign companies operating in Liberia under concession contracts have frequently been found to be in contravention of the terms specified in their contracts”. Source: https://www.ihrb.org/pdf/Liberia_UPR_April2010-IHRB-FINAL.pdf			
		2. According to UNDP report, “the involvement of multinational corporations, the existence of various tax instruments and payment methods, as well as the dispersion of revenue-collecting functions across different regulatory agencies makes the administration and management of extractive industries revenues difficult, opaque and susceptible to manipulation”. Source: https://info.undp.org/docs/pdc/Documents/LBR/00082691_Liberia_EISD_project.pdf			
		3. Key informant interview with CSO, representative, There are too many vested interests between industrial executives and policymakers about concession and it makes people believe that money is being passed under the table. Adding, citizens do not trust the government nowadays. Source: Key informant interview with CSO representative, Monrovia May 12, 2017			
		4. Among other things, a statement issued by African Panel report states that: “when foreign investors extensively used offshore companies, shell companies and tax havens, they weakened disclosure standards and undermined the efforts of reformers in Africa to promote transparency. Such practices also facilitated tax evasion and, in some countries, corruption, draining Africa of resources need for poverty reduction. Source: http://un.org.au/2013/06/20/financial-transparency-in-extractive-industry-critical-to-reducing-potential-for-corruption/			
Impact		Evidence to support assessed impact			
Score 5/5		1. In a report from U4 Expert Answer asserts that, “In many instances concessions had been granted through political patronage and favoritism, while corruption within the tax collection system allowed them to continue their operations even though they failed to meet their tax obligations. Adding, “Corruption was alleged in various stages of the allocation process. Members of Parliaments were accused of receiving bribes to ratify the MDA while other legislators reported having relied on a mere summary of the agreement prepared by the executives that had negotiated the deal to make their decision” Source: file:///C:/Users/admin/Downloads/expert-helpdesk-156%20(2).pdf			
		2. A report on How Gold Mine has brought only misery in Liberia, indicated that “There are also some indications that incoming investment in the natural resource extraction sector has encouraged corruption and rent-seeking behavior”- (Dwyer, 2012). Source: https://www.irinnews.org/investigations/how-gold-mine-has-brought-only			
		3. Countries with less robust legal regimes and a strong reliance on negotiated mining contracts as a result, contracts may be specifically designed to supplant all legislations. Source: https://www.bmz.de/g7/includes/Natural_Resource_Contracts.pdf			
		4 Civil Society Activist from the Justice and Peace Commission (JPC) expressed frustration over continuous bribery allegations (euphemistically known as “Brown Envelope”) involving foreign investors and members of the legislature in awarding concession agreements Source: Key informant interview, Justice of Peace Commission (JPC), April 7, 2017			
Description of Impact					
When external influence infiltrates the licensing process, it shapes the decisions of mining officials, undermines independent judgment, promotes interest peddling, weakens legal requirements and gives unfair advantage to certain companies and businesses. Also, this impugns on the credibility and competitiveness of the award process and lower benefits to the state.					
Assessment					
Likelihood x Impact = 4 x 5			Total score: 20		
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk that salaries of the Lands, Mines& Energy Ministry staff are less than a living wage?		Code			
		PD5			
Likelihood	Evidence to support assessed likelihood				
Score 4/5	1. U4 Expert report on Liberia states that, “government salaries are notoriously very low in Liberia, and despite efforts at reform, delays in paying government employees persist, creating incentives for public officials to complement their salaries by soliciting bribes” Source:www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-liberia 2. According to a UN report, “Civil servants' salary, they observed, is so low that it cannot buy them a bag of rice, pay their children's school fees and at the same time cater to their spouses. Source: http://unpan1.un.org/intradoc/groups/public/documents/un/unpan023272.pdf 3. According to Civil Service Agency report, “Low salaries of civil servants has weakened transparency and accountability mechanisms. Adding, “Civil Service managers often lack the moral authority to enforce performance standards.” Source: http://www.emansion.gov.lr/doc/Liberia%20CSR%20Strategy%20June%2008.pdf 4. New Narrative report states, “In Liberia, income disparities are so wide that, in a sense, there are only two classes—very rich and very poor, with a gaping hole in the middle. A recent report by the African Development Bank Group estimated that only 4.8 percent of Liberia’s population can be considered middle class—the lowest percentage on the continent, among the countries for which such data is available Source: http://www.newnarratives.org/stories/tecee-boley/liberia-very-rich-or-very-poor/				
Impact	Evidence to support assessed impact				
Score 4/5	1. According to US State Department report, “Despite a number of USG and other donor-funded assistance projects, lack of training, inadequate salaries, and a culture of corruption with impunity have created a weak judicial and regulatory system that actively hampers investment” Source: https://www.state.gov/documents/organization/227357_ 2. An official at MLME said, “salaries are extremely low for employees who are working hard to bring in revenues to the country. Adding, “there should be a difference in salaries for agencies/ministries that bringing more revenues to the country instead of the regular civil servants wages”. Source: Key informant interview Ministry of Lands, Mines and Energy Monrovia, April 24, 2017 3. According to President Ellen Johnson Sirleaf, “Low salaries and incentives have eroded motivation within the civil service”. Source: http://www.emansion.gov.lr/doc/Liberia%20CSR%20Strategy%20June%2008.pdf 4. In a key informant interview, an official at the Mine’s Ministry described low salary of employees as major challenge that should be addressed to ensure effective performance. Source: Key informant interview with official at MLME, Monrovia, April 14,2017				
A Description of Impact					
Inadequate compensation and benefits provoke employees to demand and accept bribes and illegal payments to defraud the system which gives undue advantage to certain companies and undermine integrity of the systems. Also, this undermines adherence to and enforcement of legal frameworks as established laws and policies are circumvented based on self-interest.					
Assessment					
Likelihood x Impact = 4x4		Total score: 16			
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk that the duration and timing of each step of the award process can be manipulated?					Code PD28
Likelihood		Evidence to support assessed likelihood			
Score 3/ 5		1. Page 10 of LEITI Scoping Study highlighted that “There is too much Government bureaucracy which leads to unnecessary delays in issuing of licenses/payment forms. The delay in processing license/ documents at the Ministry is one of the biggest impediments in the sector”. Source: http://www.leiti.org.lr/scopin_study_leiti_final_report			
		2. An Official at the Ministry of Lands, Mines and Energy pointed that “there has always been delays in processing licenses at the Ministry, however, ongoing improvement is taking place to revamp the system with the MCAS”. Source: Expert interview, Ministry of Lands, Mines and Energy, April 24, 2017			
		3 According to The Heritage Foundation, “Despite some legislative efforts to modernize the regulatory framework, private investment and production remain severely hampered by bureaucratic inefficiency”. Source: http://www.heritage.org/index/country/liberia			
		4. In another statement, a Representative from the Diamond and Gold Workers’ Union said, he applied for license and it is almost one year now without obtaining the license”. Source: Representative, Diamond and Gold Workers’ Union, key informant interview, Monrovia, April 24, 2017			
Impact		Evidence to support assessed impact			
Score 3/5		1 The US Department 2015 Investment Climate Statement asserts that, “To obtain a new concession agreement, potential investors have to engage in lengthy bidding processes. In addition, requests for Expressions of Interest (EOI), International Competitive Bids (ICB), and Invitations to Bid (ITB) are often poorly advertised, which hampers the process from the onset” Source: https://www.ecoi.net/local_link/333486/461758_en.html			
		2. Page 35 of LEITI 2013 post audit award report shows no proof of the “First –in-First Access –FIFA being applied in the licensing process Source: http://www.leiti.org.lr/uploads/2/1/5/6/21569928/leiti			
		3. A Civil Society Representative stated that “there is unnecessary delay in processing license applications at the Ministry of Lands, Mines and Energy” Source: Key informant interview, Civil society representative, Monrovia, April 29, 2017			
		4. Source:			
Description of impact					
Unjustified delay in awarding licenses and contracts discourage and drive away investors; lower revenue intake by limiting the number of agreements processed; lower companies and stakeholders confidence in timeliness and credibility of the award process; as well as promote corruption and facilitation payments as businesses seek to ensure timely/ speedy processing of their applications.					
Assessment					
Likelihood x Impact = 3x3			Total score: 9		
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk that there will be no due diligence of applicant’s integrity, such as past lawful conduct and compliance?					Code PP11
Likelihood		Evidence to support assessed likelihood			
Score 5/ 5		1. An article from the Guardian indicated that, An audit of lucrative resource deals in Liberia has found that almost all the concessions awarded by the government since 2009 have not been compliant with the law Source: www.theguardian.com/world/2013/may/08/liberia-natural-resources-deal-audit 2. Page 36 of LEITI Post audit ward report revealed that “due diligence reviews were not carried out in the award of concession’. The report shows that “out of 68 concession only 3 met standards” in part, this shows that integrity check was not properly carried out. Source: http://www.leiti.org.lr/leiti_post_award_process_audit_final_report. 3. A Dark day in Liberia—Awarding the Western Cluster Mining Concession to Elenilto is one of the Worst Commercial Contracts in Liberian History. Source: : http://www.tlcafrica.com/article_a_dark_day_in_liberia_elenilto.htm 4. Source			
Impact		Evidence to support assessed impact			
Score 5/5		1. Page 86 of the World Bank Legal Review Book states, “ In 2005, the National Transitional Government of Liberia entered into a series of concession agreement, including MDA, which was signed for Liberia’s largest iron ore deposit. It is alleged that no due diligence was carried out: some members of Parliament acknowledged relying only on the summary of the agreement prepared by the executive. There were also allocation of potential corruption”. Source:https://books.google.com/books?id=ieEwBwAAQBAJ&pg=PA168&lpg=PA168&dq=no+due+diligence+ 2. According to The Liberian Journal, there were Lack of transparency and due diligence in the awards of mining concession between Western Cluster and Elenilto Source: www.theliberianjournal.com/index.php?st=news&sbst=details&rid=2039 3 A report from Stewardship for Planet Earth pointed that, “Contracts were awarded without going through bidding process”. Source: http://www.ceelbas.ac.uk/bartlett/sustainable/latest/activities/symposium_series/symposium_2014/RSingh 4. Legislative Reporter from Daily Observer asserted that, General Logistic Services is the first Liberian owned company to be granted an operating concession of a major state asset in the history of the country. Adding, “concessions have been passed over Liberian owned businesses in favor of foreign companies, a situation that always reminds us of over sixty bogus concession agreements that were signed and awarded to foreign companies during the sitting of the 52-Legislature. Source: https://www.liberianobserver.com/opinion/editorials/gls-please-live-up-to-your-promise/			
Description of impact					
Failure to enforce due diligence and checking the track records of companies in the award process, undermines enforcement of legal requirements and the integrity of the award process; promotes underperformance in the sector by contracting unqualified companies; and reduces economic benefits to the nation and affected communities.					
Assessment					
Likelihood x Impact = 5x5			Total score: 25		
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk that there will be inadequate monitoring of license and permit holders?					Code
					RA14
Likelihood		Evidence to support assessed likelihood			
Score 5/5		1. According to Revenue Watch Institute, "In Liberia, participants in the study reported that monitoring compliance with mineral development agreements is the most important and at the same time most challenging issue, due to lack of government capacity and budget." Source: https://resourcegovernance.org/sites/default/files/RWI_Enforcing_Rules_full.pdf			
		2. A report published by LOWENSTEIN INTERNATIONAL HUMAN RIGHTS CLINIC AT YALE LAW SCHOOL states that "There are widespread concerns in both the Liberian government and civil society that compliance with contract terms, domestic law, and human rights law is not properly monitored or enforced." Source: https://law.yale.edu/system/files/area/center/schell/document/liberia_final_2017.pdf			
		3. An official at the Ministry of Lands, Mines and Energy stated that, "there is poor monitoring of concessionaires due to lack of logistics and technical capacity to follow up on license holders" Source: Key Informant interview, Official, MLME, Monrovia April 2017			
		4. According to SOMO Paper "Conflicts between communities and state institutions as a result of convergence of corporate and state interests, such as state security services protecting the assets of corporations, corruption of authorities and lack of skills and political will to monitor the implementation of concession agreements. Source: https://www.somo.nl/wp-content/-Liberia-web-final.pdf			
Impact		Evidence to support assessed impact			
Score 5/5		1. A report for Sustainable Development Institute states that "The implementation of obligations in the Mineral Development Agreements (MDAs) is not sufficiently checked by government entities, as many companies have continually violated aspects of their agreements" Source: http://www.sdiliberia.org/sites/default/files/publications			
		2. A report by Building Market highlighted that "Monitoring roles and responsibilities relating to mining concessions also need to be streamlined to eliminate cumbersome overlaps" Source: https://buildingmarkets.org/sites/default/files/pdm_reports/leaving_a_trace_web.pdf			
		3. The World Economic Forum report on t Liberia and other countries states that, "Monitoring compliance is the biggest challenge for both the government and civil society, as it takes a long time and is expensive". Source: http://www3.weforum.org/docs/WEF_MM_RMDI_Report_2010.pdf			
		4. Building Markets asserted the need of, "Increasing monitoring capacity to fully implement the regulations currently in place while developing transparent processes and clearly defining roles for various agencies will help improve concession compliance" Source: https://buildingmarkets.org/sites/default/files/pdm_reports/leaving_a_trace_web.pdf			
Description of Impact					
Poor monitoring of concessionaires is a major challenge for Government as dishonest companies use that as an opportunity to default on concession obligations and social responsibilities to the state and affected communities. This can also lower revenue intake, promotes conflict and tension between affected communities over unpaid benefits and lower companies confidence in government/system to effectively regulate their activities.					
Assessment					
Likelihood x Impact = 5x 5			Total score: 25		
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk that Lands, Mines & Energy Ministry staff do not have the capacity/skills to perform their job?					Code PP2
Likelihood		Evidence to support assessed likelihood			
Score 5/5		1. According to ILO, "The country's severe capacity crisis manifests itself at different levels: individual (low learning outcomes and poor skills profiles; brain-drain); institutional erosion of public systems; loss of competence, authority and effectiveness of public institutions; weak non-state institutions; societal depressed economy, low productive capacity, widespread poverty and disempowerment". Source: http://www.ilo.org/dyn/youthpol/en/equest.fileutils.dochandle?p_uploaded_file_id=79			
		2. An official at the Ministry of Mines said, "The Ministry is challenged with huge capacity gap, including adequate and trained manpower, to adequately respond to demanding workload". Source: Key Informant Interview, Ministry of Lands, Mines & Energy, Monrovia, April 28,2017			
		3.A report from Building Markets pointed, "low availability of appropriately trained and experienced personnel curtails Liberia's capacity to localize direct employment opportunities within the mining sector". Source: https://buildingmarkets.org/sites/default/files/pdm_reports/leaving_a_trace_web.pdf			
		4. A survey conducted by ILO shows that, 'although the vast majority of the labor force is currently employed, the nature of their employment is often less than satisfactory. In addition, over 80 per cent of employed Liberians are considered to be "vulnerable workers" in low-level agricultural and informal non-agricultural activities' Source: http://www.ilo.org/wcmsp5/groups/public/@ed_emp/documents/publication/wcms_144385.pdf			
Impact		Evidence to support assessed impact			
Score 4/5		1. According to Vale Columbia Center, "Government officials may lack specialized know-how, technical expertise and experience in negotiating complex contracts. This is compounded by problems of high staff turnover in key agencies and difficulties attracting or retaining qualified and experienced staff due to salary differentials vis-à-vis the private sector" Source: http://www.governance-platform.org/wp-content/uploads/2017/01/HVSG_NSI_2WS-July2012_BackgroundPaper.pdf			
		2. According to reports on 2016 Investment Climate Statements from the US Bureau of Economic And Business, Affairs In Liberia, lack of training, inadequate salaries, and a culture of impunity have undermined the judicial and regulatory systems, which in turn has discouraged investment Source: https://www.state.gov/e/eb/rls/othr/ics/2016/af/254213.htm#12corruption			
		1. According to ILO, "Youth unemployment and underemployment represent a major cost to Liberia in economic, political and societal terms. Adding, ". The high share of labor underutilization means a loss of investment in education and training, a reduced potential tax base, high costs for social assistance and a bottleneck in fuelling the economic transformation of the country" Source: http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_228127.pdf			
		4. According to report from the Liberia Labor Force Survey 2010, " the overall employment rate is 3.7 percent. Younger people are more likely to be unemployed than older people Source: www.ilo.org/wcmsp5/groups/public/dgreports/stat/.../wcms_156366.pdf			
Description of impact					
When workers have low capacity and skills, it affects overall performance on the job and may lead to low productivity, ineffectiveness, loss of revenues and corrupt practices.					
Assessment					
Likelihood x Impact = 5x4				Total score: 20	
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high
What is the risk that legal framework for consultation with affected communities and landholders is not publicly knowable?					Code PD8

What is the risk that legal framework for consultation with affected communities and landholders is not publicly knowable?		Code PD8			
Likelihood Score 3/5	Evidence to support assessed likelihood 1. According to Right & Resources report, "Community and rural women, who rely on their customary lands for their survival, cultures, and livelihoods, are often cut off from the decision-making processes that affect them. Large scale concessions for palm oil, mining, and logging can be granted on their land without their consent—and sometimes without their knowledge" Source: http://rightsandresources.org/en/blog/case-study-large-scale-concessions-liberia-violate-womens-land-resource-rights-fail-deliver-promised-benefits/#sthash.gzsWRZ0z.dpbs 2. To date, large-scale agricultural and mining concessions in Liberia have been characterized by ineffective consultations with local communities leading to clashes, land tenure conflicts due to overlapping land rights and land use permits, clearance of natural forests and unmet community expectations of benefit sharing and employment Source: https://www.documents.clientearth.org/wp-content/uploads/library/2017-04-21-legal-framework- 3 In an interview with community residents in Fuamah District where China Union Investment operates, stakeholders said "politicians and local leaders of their county have always marginalized them in decision making processes of concession benefits". Source: Stakeholders of Fumah District, Bong Mine, April 28, 2017 4. Source:				
Impact Score 3/5	Evidence to support assessed impact 1. According to Fragility, Conflict, and Violence- Group World Bank report, "Community stakeholders often lack the power and capacity necessary to participate equitably in consultation and decision-making processes, and as a consequence, remain marginalized and poor" Source: documents.worldbank.org/.WP-AFR-P148420-Box-393185B-PUBLIC-Extract 2 Communities are not currently included in concession decisions and the negotiation of concession agreements is performed solely between the government and the company" Source: https://www.documents.clientearth.org/wp-content/uploads/library/2017-04-21-legal- 3. A study by Yale Law School asserted that, "To successfully fulfill civil and political rights, CSOs, communities, and individual citizens must all be empowered to speak out both while a particular contract is being negotiated and while reforms to the framework regulating concessions are being considered. Source: https://law.yale.edu/system/files/area/center/schell/document/liberia_final_2017.pdf 4. Source:				
Description of impact Due to lack of information sharing about the sector, community stakeholders' rights are often violated by concession companies and efforts to demand benefits are weakened. This leaves them vulnerable to the exploitation of politicians and companies at their disadvantage.					
Assessment					
Likelihood x Impact = 3 x3		Total score: 9			
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk that Free Prior and Informed Consent will be ignored as a result of corrupt practices?					Code PP6
Likelihood Score 3/5		Evidence to support assessed likelihood 1. A report titled "Curse and Cure indicated that," many people living in large-scale agriculture, mining and even forestry concessions do not feel adequately consulted on how concessions will affect their livelihoods". Source: http://www.tiliberia.org/wp-content/uploads/2016/08/curse-or-cure-to-print-vlr.pdf			
2. According to The Guardian "Concessions are granted by government without consultation with communities who live on the land granted as concession." Source: https://www.theguardian.com/global-development/2012/nov/01/liberia-johnson-sirleaf-nepotism-corruption					
3 A report from Open Society Foundations asserts that, "In Liberia, citizens in communities endowed with natural resources are given little or no access to information about the processes that lead to the exploitation of their resources and the expenditure of revenues generated. Source: https://www.opensocietyfoundations.org/sites/default/files/extractive-industry-transparency-20120626.pdf					
4. In a report published by ALLARD K. LOWENSTEIN INTERNATIONAL HUMAN RIGHTS CLINIC AT YALE LAW SCHOOL said, Negotiations typically occur between central government and company officials in Monrovia, far from affected communities and without consultation from community members. Most of the concessions are located in isolated rural communities that operate outside formal legal structures Source: https://law.yale.edu/system/files/area/center/schell/document/liberia_final_2017.pdf					
Impact Score 3/5		Evidence to support assessed impact 1. According to SDI report titled Poverty in the Midst of Plenty states, "A major factor that contributes to the proliferation of protests and demonstrations is the lack of engagement with citizens in affected areas. There is a general lack of communication between the companies and the communities. Source: www.sdiliberia.org/sites/default/.../Poverty%20in%20the%20midst%20of%20plen			
2. A report title Liberia Back in Business asserts that, "Consultation has been limited, with allegations of lands being granted by the government without community involvement, or local leaders agreeing to the long-term leases without consulting their communities" Source: https://www.somo.nl/wp-content/uploads/2015/06/Paper-Liberia-web					
3. According to EU, "Locally, communities stand to lose land and livelihoods in return for vague, inadequate and unenforceable promises of development benefits. Information from communities indicates that serious procedural flaws are widespread. Productive lands and forests are still being cleared and wetlands drained or diverted with communities denied a fair deal proportionate to the lands and natural resources they are losing, or the opportunity to properly give or withhold their informed consent. Source: http://www.burness.com/wp-content/uploads/2016/04/Liberia-Palm-Oil-Brief.pdf					
4. The award and allocation process of concession is often marked by corruption, bribery, a complete lack of public participation, and does not take into consideration the free prior and informed consent Source: http://www.fern.org/sites/fern.org/Liberia					
Description of impact Disregarding affected mining communities and avoiding Free, Prior and Informed Consent is a breach of legal requirements that denies/limits citizens' inputs from being factored into concession decision making. This leads to violations of communities' rights and sometimes conflict in concessional communities. It also leads to misinformation about compensation benefits and fuels tensions between their leaders and themselves.					
Assessment					
Likelihood x Impact = 3x3			Total score: 9		
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk of entrenched conflict of interest among politicians/policymakers in the award process?					Code CF
Likelihood core 5/5		Evidence to support assessed likelihood 1. In a corruption case, Liberty Mineral Crops asserted that “executives at MLME had reportedly been involved in numerous under-the-table operations that constituted issues of great conflict of interest and unjust enrichment”. Source: http://corruption101.net/sites/default/files/CORRUPTION101-LIBERIA_STYLE.pdf 2. A Global Witness report exposes bribes to top Liberian officials by UK mining company and Varney Sherman Source: https://www.globalwitness.org/en/press-releases/global-witness-exposes-bribes-top-liberian-officials 3. A report from US Department states, “When new concessions are signed and ratified, the press frequently report on corruption allegations implicating both the legislative and the executive branches”. Source: https://www.export.gov/apex/article2?id=Liberia-Corruptionv 4. According to State Department's Office of Investment Affairs' Investment Climate Statement There are laws and regulations to counter conflict-of-interest in awarding government procurement contracts, as well as to persecute corrupt officials. However, weakness in the judicial system hinders effective implementation Source: https://www.export.gov/article?id=Liberia-Corruption			
Impact Score 5/5		Evidence to support assessed impact 1. Liberia Anti-Corruption Commission (LACC) ongoing Global Witness/Sable Mining investigation of bribery scandal involving high profile government officials (Legislators, Former House Speaker Alex Tyler and Eugene Shannon, former Minister of Lands, Mine and Energy) Source: http://www.frontpageafricaonline.com/indexpolitics/after-global-witness 2. According to Accountability Lab, “Liberia ten years on: corruption and accountability remain country’s biggest challenges. Adding, “the root of Liberia’s problems is a deep lack of accountability” Source: http://africanarguments.org/liberia-ten-years-on-corruption-and-accountability-remain-countrys 3. A report titled, Does Transparency Matter- highlights “Issues of financial accountability and corruption are a key part of Liberia’s governance problems, where corruption is simply “a manifestation of patronage politics” Source: https://eiti.org/sites/default/files/documents/Sovacool/Andrews 4. An article from The Guardian stated that “there are so many vested interests both by external parties and local interests. Adding, “The perception is still that money is being passed under the table, and the citizens have no trust in the credibility of the government”.Source: https://www.theguardian.com/world/2013/may/08/liberia-natural-resources-deal-audit			
Description of impact Conflict of interest among policy makers leads to impropriety in the award of mining licenses, compromises professional or independent judgment and perpetuates corruption in the system and as well reduces economic benefits.					
Assessment					
Likelihood x Impact = 4 x5			Total score: 25		
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk that collusion between the Executive and Legislative branches of government in awarding concessions?					Code PP-N3
Likelihood		Evidence to support assessed likelihood			
Score 5/5		1. According to report from State Department's Office of Investment Affairs' Investment Climate Statement "When new concessions are signed and ratified, the press frequently report on corruption allegations implicating both the legislative and the executive branches" Source: https://www.export.gov/apex/article2?id=Liberia-Corruption			
2. Ongoing indictment involving some public officials facing multiple charges including bribery, economic sabotage, criminal conspiracy was in a local daily captioned "Stealing Tale- Tyler demanded US\$250.000 to alter concession law" Source: New Democrat News Paper Vol 24, No 043 Feb 10, 2017					
3. A report from Africa Freedom of Information Centre states, "No steps are being taken by the Government of Liberia regarding Open Contracting. The transparency of the extractives industry and agriculture industry is limited to the scrutiny of the Government itself, not of civil society or independent monitors". Source http://www.ifex.org/africa/2015/04/20/ogp%20in%20africa-%20opportunities					
4. Report by US State Department highlights that "Multinational firms often report having to pay fees to GOL agencies that were not stipulated in investment agreements". Source: http://www.knowyourcountry.com/files/liberiaamljan2017.pdf					
Impact		Evidence to support assessed impact			
Score 5/5		1. Liberia Anti-Corruption Commission (LACC) ongoing Global Witness/Sable Mining investigation of bribery scandal involving high profile government officials (Legislators, Former House Speaker Alex Tyler and Eugene Shannon, former Minister of Lands, Mine and Energy) Source: http://www.frontpageafricaonline.com/index.php/politics/953-after-global-witness			
2. According to Reuters' report, Rights advocates have expressed concern, however, that many of Liberia's resource deals are marred by fraud and do not provide the state with adequate revenue Source: http://www.reuters.com/article/ozatp-liberia-gbowee-idAFJOE89800D20121009					
3. In an interview with Catholic Justice of Peace Commission, "It is widely known that policymakers with decision making power often collude with industrial executives to shape laws and policies to their advantage for personal gains. Source: Key Informant Interview with Catholic Justice of Peace Commission, April 29, 2017					
4. A report titled - Does transparency matter? states that, "The existing challenges include the signing of dubious contracts, ongoing graft in concessions, overconcentration of particular companies in the forestry sector, and complaints by communities regarding the collusion by firms and local politicians to siphon mine proceeds". Source: https://eiti.org/sites/default/files/documents/SovacoolAndrews					
Description of impact					
Collusion among policymakers' undermines due diligence in the licensing process, creates major impediment to enforcement of mining laws and regulations which adversely lower the economic benefit that supposed to come to the state to selected few. It also results into bad concession agreement due to corrupt practices among those with entrusted power.					
Assessment					
Likelihood x Impact = 5 x 5			Total score: 25		
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

What is the risk that government overreliance on extractive revenues could lead to hasty or wrongful award decisions?					Code CF-N2
Likelihood		Evidence to support assessed likelihood			
Score 5/5		1. In an article by EconomyWatch states that, "High dependence on earnings from primary products is not sustainable. Sustainability is only ensured if the economy is diversified and investment is made in other sectors such as the agricultural sector (where modern methods of farming will ensure food security) and the manufacturing sector, with a focus on imports-substituting industries". Source: http://oilprice.com/Geopolitics/Africa/Why-Liberia-Has-Not-Been-Able-to-Break-its-Resource-Curse.html			
2. According to World Economic Forum report "Government in most contexts was seen as being under resourced and without the technical capability to properly ensure compliance with mining regulations or any additional terms or conditions. Source: http://www3.weforum.org/docs/WEF_MM_RMDI_Report_2010.pdf					
3. A Lawmaker of the 53rd Legislature stated that "the 52nd Legislature hastily passed many of the concessions to revitalize the economy, provide jobs and security". Adding, "he could do same if he was part of that body at time" Source: Key informant interview, Member of the Legislature, Monrovia, May 14,2017					
4. A report from USAID asserts that, "The need for rapid development of Liberia's natural resources is well-recognized; however, the eagerness by the GoL ministries to grant concessions has resulted in what can be described as a "land rush" by the extractive industries to grab mining, agricultural and forestry resources". Source: http://pdf.usaid.gov/pdf_docs/PA00JZRH.pdf					
Impact		Evidence to support assessed impact			
Score 4/5		1. An article from the Propublica states that "Liberia's donors and creditors have questioned the wisdom of the authorities' decision to focus their growth and development strategy so heavily on the granting of natural resource concessions to foreign investors." Source: https://www.propublica.org/article/follow-the-money-payment-trail-reveals-challenges-of-ridding-liberia-of-cor			
2. A report titled Tapping Nature's Bounty for the Benefit of All asserted that, "many governments in resource-rich countries, including Liberia, have historically mismanaged their extractive industries revenues and have fallen prey to "the resource curse," whereby poor policy choices coupled with corruption have exacerbated the cycles of poverty, inequality and conflict". Source: http://www.enhancedif.org/en/file/397/download?token=qodUcCJi					
3 Significant iron ore, gold and diamond deposits bless Liberia with a rich mineral resource base with huge export potential. Past and present governments relied heavily on FDI to exploit these natural resources and drive economic growth Source https://buildingmarkets.org/sites/default/files/pdm_reports/leaving_a_trace					
4. According to US Department of State Monrovia, "Liberian economy has been very dependent on natural resources, foreign aid, and foreign direct investment (FDI). The extractive sector, including mining and agriculture, remains the leading driver of growth, with growing iron mining sector surpassing rubber as the top export earner". Source: https://www.state.gov/documents/organization/227357.pdf					
Description of impact					
Government overreliance on extractive revenues have undermined due diligence and full adherence to relevant laws and regulations. As a result, bad concession agreements are developed with limited economic benefits to the country and affected communities, which has led to tensions between companies and citizens in several mining sites.					
Assessment					
Likelihood x Impact = 5x4			Total score: 20		
Colour:	Blue	Green	Yellow	Amber	Red
Risk level:	Very low	Minor	Moderate	Significant	Very high

	5 Almost Certain	5	10	15	20 CF-N2 PP2	25 RA PP11 PP-N3 CF RA14
	4 Likely	4	8	12	16 PD5	20 PD22
	3 Possible	3	6	9 CF1 PD8 PP6 PD28	12	15
	2 Unlikely	2	4	6	8	10
	1 Almost impossible	1	2	3	4	5
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
	Impact					

WORKSHEET E. PRIORITIZATION OF CORRUPTION RISKS

What tells me the risk is urgent?	What tells me addressing the risk will have an impact?	What tells me addressing it is feasible?	Is the risk a priority for action?
Score +color	Impact score +context	Stakeholders interest + resources	
What is the risk that Free Prior and Informed Consent will be ignored as a result of corrupt practices? Likelihood=5 Impact=4 Total score=20 Color=Amber (Score + color suggest risk is high)	Impact score is 4/5 so addressing risk will also have a big/significant impact on management and effectiveness of the sector	Stakeholders Residents of affected mining communities are interested in processes that will support and ensure their active engagement and participation in decision-making around concessions. This will help protect their rights and ensure maximum benefits from their lands and other resources. Cost This maybe costly, but worth undertaking. Such initiatives will require community mobilization, civil society band community-based organizations including community leaders. Time required This will take probably three years to ensure meaningfully impact through sensitization and awareness, advocacy and policy actions	Yes, addressing this risk is necessary to support/enhance reform efforts in the sector and will have multiplier effects on other risks.
What is the risk that impunity could reinforce corrupt practices among public officials? Likelihood=4 Impact=4	Impact score is 4/5 so addressing the risk will yield greater benefits to the sector	Stakeholders There is an urgent need to address issues of impunity to deter and minimize the risk of corruption, especially among Cost To address this will be expensive as it will require massive mobilization and Time required This will require at least three (3) of consistent engagement/advocacy initiatives	Yes, this this doable as it will assist in addressing entrenched culture of impunity in government and among highly placed

Total score=16 Color=Amber (Score + color suggest risk is high and impact is major)		government official linked to governance of the mining and extractives sector. This will require collaboration among CSOs, reformers, the media and other key stakeholders with passion for change	consolidated efforts of interested individuals and groups	targeting regulatory bodies, mining companies and policy makers	public officials
What is the risk that inadequate monitoring of license and permit holder? Likelihood=5 Impact=5 Total score=25 Color=Red (Score + color suggest that the risk Catastrophic	Impact score is 5/5 so addressing the risk significantly impacts reform efforts in monitoring the sector	Stakeholders Stakeholders are interested in monitoring efforts to strengthen accountability mechanisms to ensure compliance with the laws and concession agreements to avoid violations.	Cost Monitoring initiatives are capital-intensive and require training and perhaps software program to catalogue collection of data to identify gaps and compliance progress consistent legal requirements.	Time required Realistically, this will take about four years of monitoring initiatives to ensure compliance in keeping with the laws.	Yes, this is feasible as it will strengthen lawful compliance boost investors and stakeholders' confidence in the system and help government and citizens realize needed revenues
What is the risk that affected mining communities' leaders/representatives lack the required capacity to organize themselves and adequately represent their members' interests? Likelihood=4 Impact=3	Impact score is 3/5 so addressing the risk lead to significant changes in the way communities engage with concessional activities	Stakeholders The need for increased capacity among residents of affected mining communities to enable them demand their rights and entitlements from	Cost Capacity building for affected community residents maybe expensive, but the benefits and	Time required This will be a continuous and ongoing initiative, but initial efforts will take up to two years to implement and attain	Yes, this is possible to address as it will put citizens in pole position to be informed about relevant issues and demand accountability, transparency and fair treatment from mining

Total score=12 Color=yellow (Score + color suggest moderate)		concessional activities cannot be overemphasized. Achieving this objective will require long-term training and consistent engagement to enable them demand their rights and benefits from mining extractive activities ongoing in their areas	impacts are far-reaching. Thus, resources will be mobilized from development partners and interest individuals and groups to support such venture.	positive outcomes.	companies and public officials overseeing concession granting processes and utilization of revenues from the sector
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ACTUAL PRACTICE OF EXPLORATION LICENSE PROCESS MAP

DISCUSSION OF THE RESULTS/FINDINGS

Following thorough scrutiny of mining the sector, thirteen (13) risks were identified, analyzed and prioritized based on the five broad categories of common risks provided for in the MACRA Tool and used to conduct this research. These include risks related to Contextual Factors; Process Design; Accountability Response; and Process Practice. .

The below table shows the distribution of risks among the five (5) broad categories:

CATEGORIES OF RISKS		TOTAL RISKS IDENTIFIED
Contextual Factor (CF)	3	13
Process Practice (PP)	4	
Process Design (PD)	4	
Accountability Response (RA)	2	
Legal Response	0	

Figure 1. Categories of Risks

Of the thirteen (13) risks identified, four (4) relate to Process Practice, which indicate actual incidences and practices relating to the award of licenses, contracts and Mineral Development Agreements to investors that incentivize corruption and undermine institutionalization of systems and controls in the mining sector. Another four pointed to Process Design, signifying circumstances that undermine compliance, due diligence and transparency in decision-making processes and governance of the sector. Together, they highlighted vulnerabilities that increase the risks and incidences of corrupt practices-including weak monitoring and due diligence regimes, conflict of interest, collusion between the executive and legislative branches of government, violation of citizens' rights to be meaningfully, and low salaries and benefits of staff of ministries and agencies overseeing mining activities.

Meanwhile, the remaining five (5) risks allude to systemic weaknesses that promote corruption in the sector. They stem from an increasingly enabling environment for bribery and collusion such as entrenched culture of impunity, weak enforcement regime and limited accountability mechanisms. Vulnerabilities and risks under these categories (contextual factors, process design, accountability response and legal response) speak to inherent and systemic weaknesses in laws, policies and regulations governing the mining sector. Probably, this explains why, in spite of protracted period of extractive activities and the presence of major iron ore mining companies such as China Union and ArcelorMittal in Liberia, unemployment and poverty remain abound, especially among residents of counties and communities directly affected by their operations.

The culture of impunity is a major risk under this segment; follow by lack of citizens' access to relevant information; low wages and benefits of mining agencies' staff and undue external influence in manipulating award decisions and processes in favor of businesses against public interest. Also, Government's overreliance on foreign direct investments and extractive revenues for economic growth and development has been established as a key vulnerability and trigger of corruption in the sector. Such neglect of official responsibilities, which are heavily influenced by bribery and facilitation payments from mining companies and businesses, compromises public interest and victimizes the state.

In terms of impacts/effects, nine (9) of the thirteen vulnerabilities and corruption risks identified are deemed major with catastrophic impacts on effective governance and management of the mining sector. In other words, this implies that the sector cannot be strengthened and reformed without addressing these vulnerabilities, which are serious impediments to building a vibrant, inclusive and value-driven mining regime in Liberia. In fact, overall, this undermines the country's mining vision and objective of building and sustaining a sector that contributes substantively to poverty alleviation among citizens, mainly inhabitants of mining enclaves and their immediate environs.

Interestingly, all risks identified are interlinked, thus highlighting the need for holistic and multifaceted approaches to reforming the sector and addressing corruption in the country generally. For example, bribery cannot be addressed in the absence of a very strong enforcement and monitoring regimes as increased political will to prosecute alleged corrupt individuals. This means that tackling impunity will require strengthening the legal and regulatory environment and ensuring increased levels of compliance with and enforcement of existing laws and policies, which will also ensure that requirements on free, prior and informed consent of citizens are respected/observed when contracts and concessions agreements are being awarded.

CONCLUSIONS

From the research, multiple corruption risks and vulnerabilities were identified in Liberia's mining sector, chiefly around licensing and concession granting processes. Of the thirteen (13) corruption risks identified and analyzed, four were ranked as top priorities. And they were prioritized not only because of the cumulative scores derived from the likelihood and impact, but based on their revealing impacts on the economy and affected mining communities as well as feasibility of being mitigated.

These findings have further re-enforced the need for added commitments and collaboration among all key stakeholders to properly govern the sector ---scrupulously enforce relevant laws and regulations and ensure evidence-based, transparent and accountable decision making. Also, with marked weaknesses and violations, the study proves that law reforms efforts should be encouraged and full supported across all spheres of the sector. This is necessary to address regulatory weaknesses, systemic flaws and administrative malpractices and help government accrue much needed revenues that will spur economic development and improve the quality of performance and service delivery, which have been lacking in Liberia and the mining sub-sector. Apart from boosting national budget and financing development interventions, mining activities can be major sources of employment and livelihoods opportunities for many. That is why the Mining for Sustainable Development Program seeks to ensure that the sector is ably managed and supervised to perform such vital functions. The program provides a unique opportunity to enhance the effectiveness and efficiency of Liberia's mining sector, building on existing and would-be efforts focused on equitable and sustainable revenues management, improving stakeholders' collaboration and access to relevant information and ensuring mining enclaves maximize benefits and impacts of extractive activities

In terms of new research opportunities and focus, it will be important to initiate similar study to delve deeper into the understanding workings of the artisanal mining sector, a key provider of jobs and livelihood opportunities for many unskilled and impoverished citizens across the country. Such intervention will compliment this research by equally identifying, analyzing and proffering recommendations to address vulnerabilities and corruption risks in varying processes and activities bordering on overall governance of the artisanal mining sector in the country.

RECOMMENDATIONS

The research reveals widespread corruption risks in the mining sector. Key among them are risks around affected mining communities' rights being ignored and intentionally violated by policymakers and mining companies regarding Free Prior and Informed Consent and CSR benefits for personal gains; high level of impunity that could reinforce corrupt practices among public officials as well as unclear clauses in the laws/regulations that are manipulated and used for personal benefits. Others include abuse of discretionary power in award decisions; and low capacity of affected mining communities' leaders/representatives to organize themselves and adequately represent their members' interests.

In keeping with the above identified corruption risks and vulnerabilities, the below specific and broad recommendations are proposed to address them (corruption risks and vulnerabilities) and

improve governance and management of the mining sector.

1. Carry out comprehensive reform to address long standing systemic weaknesses in laws, policies and regulations governing the sector, especially impunity, conflict of interest; and discretionary power among mining executives. This includes revising the terms of conflicting laws/regulations of public agencies responsible for governing and awarding mineral rights (concessions, licenses, contracts or permits) to avoid duplication of functions;
2. Implement robust sensitization and awareness campaign to increase citizens' access to relevant information and develop their technical capacity to meaningfully engage with mining related activities. This includes providing clear and timely information on existing legal and regulatory frameworks, the licensing procedure and other key processes with full details on their responsibilities and benefits from concessional activities;
3. Ensure that anti-corruption laws and policies are enforced, covering both public officials and concession companies, irrespective of status or personality. Alleged corrupt officials should be investigated and dismissed, where necessary and the licenses and contracts of non-complaint companies suspended or revoked. Also, based on the nature of the violation and corruption, the assets of convicted individuals should be confiscated to serve as deterrent to others;
4. Strengthen the participation of independent Civil Society Organizations and other stakeholders in key monitoring networks and processes to increase transparency in natural resources governance, promote accountability, and enhance information dissemination and sector-wide communication. Civil society organizations are proponents of good governance, transparency and accountability and can play consequential roles in scrutinizing policies and holding policy makers accountable for their actions;
5. Ensure full compliance with the EITI process by timely disclosing all revenues collected by government and how they are being expended. This will help improve transparency and enhance the flow of information on revenues and other essential issues among varying stakeholders and partners (including mining companies, miniseries and agencies, local leaders as well as ordinary citizens);
6. Ensure active affected communities' engagement and participation in decision-making processes such as contract negotiation and how financial contributions from concession companies are being distributed and utilized. This includes incorporating their concerns and interests into MDAs and justly compensating them for their lands and resources awarded to

mining companies for extraction.

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ANNEXES

PEST ANALYSIS

POLITICAL FACTORS

1. Policymakers and politicians having vested interest in passage of concession agreements

Evidence for answer: LEITI 2013 post audit award report where out of 68 concession only three met standards. <http://www.leiti.org.lr/uploads/2/1/5/6/21569928/leiti>

2. Heightened risks of corrupt practices among politicians and public officials in the licensing process

Evidence for answer: Liberia Anti-Corruption Commission (LACC) ongoing Global Witness/ Sable Mining investigation of bribery scandal of some Legislators, Former House Speaker Alex Tyler including other high ranking public officials
<http://www.frontpageafricaonline.com/index.php/politics/953-after-global-witness-bribery-saga-arrests>

3. The Freedom of Information Act was passed including to Code of Conduct for Public Officials but enforcement and compliance remain a major challenge.

Evidence for answer: Liberia's Freedom of Information (FOI) Act, signed into law on September 16, 2010, provides all persons the right of access to public information
<https://www.cartercenter.org/resources/pdfs/peace/ati/liberia/citizens-guide-to-foi-final.pdf>

4. There is a well-known anti-corruption agency that is responsible for investigating corruption cases.

Evidence for answer: Allegation of bribery involving official of GOL for the enactment and amendment of the PPCC Laws to suit the interest of Sable Mining, a British Company.
<http://www.lacc.gov.lr/public/index.php/corruption-cases/pending>

ECONOMIC FACTORS

1. Government reform efforts in reviving the mining sector (law and policies) have attracted lot more investment that could yield huge revenues.

Evidence for answer: Government of Liberia mining and mineral law of 2000
<http://www.eisourcebook.org/cms/Liberia>

2. Global economic crisis and falling prices of mineral commodities having impact on national economy

Evidence for answer: Central Bank of Liberia monthly economic review September 2016

<https://cbl.org.lr/doc/monthlyeconomicreview>

A Rapid Impact Assessment of the Global Economic Crisis in Liberia Nov. 2009

<http://www.ilo.org/wcmsp5/groups/public/>

3. Mining is a bedrock to Liberia's economy and Government heavily relied on extractive revenues for budgetary support. Therefore, every effort is being made to revitalize the sector to attract foreign direct investment in order to generate more revenues

Evidence for answer. Significant iron ore, gold and diamond deposits bless Liberia with a rich mineral resource base with huge export potential. Past and present governments relied heavily on FDI to exploit these natural resources and drive economic growth

https://buildingmarkets.org/sites/default/files/pdm_reports/leaving_a_trace

4. Government appointees with oversight decision on concession have little or no knowledge technical skills on issues relating to concession agreements.

Evidence for answer: Oftentimes negotiations are conducted by few individuals to negotiate and conclude wide ranging and potentially lucrative concessions by someone at the ministerial level or higher, and these are political appointees who may lack the necessary knowledge in this area

https://www.bmz.de/g7/includes/Downloadarchiv/Natural_Resource_Contracts.pdf

SOCIAL FACTORS

1. Stakeholders affected communities are ignored in the decision making process of awarding concession and their rights are often violated

Evidence for answer: 1. Affected Communities stakeholders complained of exclusion in decision making as well as information deficit as a result of the Free Prior Informed Consent not followed

<http://www.sdiliberia.org/sites/default/files/publications>

2. The concession granting processes do not take into consideration public participation, often occur without obtaining the free, prior and informed consent of rural people who have lived on the land for centuries, and there is a total dearth of information available to the public – particularly in rural areas - about how concessions will affect people's livelihood, socio-economic wellbeing and food security

http://www.fern.org/sites/fern.org/files/FINALREPORT_Liberia_2.pdf

3. Communities stakeholders not fully aware of MDA and benefits thereof
Evidence for answer: Working for development paper highlights ArcelorMittal operations in Liberia
<http://www.sdiliberia.org/sites/default/files/publications/2010>
4. Inadequate information sharing causing unrealistic expectations and social demands
Evidence for answer: Liberia: Bad Labor Practice-Liberian Workers at China Union Strike
<http://allafrica.com/stories/201309060926.html>
5. Cooperate social contributions to affected mining communities are often ignored
Evidence for answer: There were serious strike action taken by aggrieved affected communities residents which led to destruction of properties, loss of lives and protracted incarceration of citizens Arcelormittal Workers End Strike-<http://allafrica.com/stories/201701120649.html>
6. Disruption of indigenous people cultures in areas occupied by mining operations
Evidence for answer: According to EU report titled Palm Oil in Liberia: Compounding poverty, violating rights states, “Productive lands and forests are still being cleared and wetlands drained or diverted with communities denied a fair deal proportionate to the lands and natural resources they are losing, or the opportunity to properly give or withhold their informed consent. Valuable water, food and livelihood resources are being lost or heavily disrupted and grave sites or sacred forest areas have been lost or at best left as small islands surrounded by cleared plantation”
<http://www.burness.com/wp-content/uploads/2016/04/Liberia-Palm-Oil-Brief.pdf>

TECHNOLOGICAL FACTORS

1. Government is making efforts to upgrade electronic network for easy applications and records to enhance commercial profitability
Evidence for answer: In November 2015, A4AI signed an MOU with the Ministry of Posts and Telecommunications. The team is now working closely with the Ministry in the development of Liberia’s ICT policy strategy, including leading public consultations with stakeholders in five regions of the country.
<http://a4ai.org/liberia/>
2. Growing need for advance technology but limited capacity of local government staff
Evidence for answer: Liberia’s National ICT Policy http://www.lta.gov.lr/doc/ICT%20_%20Telecom%20Policy%20Main%20Body.pdf
3. Outsourcing of local Internet network dilemma

Evidence for answer Hack Attack Cut Internet Access in Liberia

<http://www.bbc.com/news/technology-37859678>

4.. Increase in digital revolution, but only few local staff are knowledgeable

Evidence for answer: Liberia's Telecommunication Authority ICT Policy

<http://www.lta.gov.lr/>

NO LIST OF STAKEHOLDERS (AGENCIES, MINISTRIES AND COMPANIES) AND NUMBER OF PERSONS

1. Ministry of Lands Mines and Energy 3
2. Liberia Extractive Industries Transparency Initiative 1
3. National Bureau of Concession 2
4. Public Procurement Concession Commission 1
5. National Investment Commission 2
6. Liberia Geological Survey 2
7. Liberian Legislature 1
8. China Union Investment 1
9. Acellor Mittal 1
10. Bea Mountain 1

Sub-Total 14

FOCUSED GROUP DISCUSSIONS

1. Civil Society Organizations 5
2. Media Institutions 3
3. Community Based Organizations 7
4. Local County Leadership 5

Sub-Total 20

TOTAL 34



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