

THE GOOD, THE BAD AND THE UGLY
LESSONS LEARNED FROM THE IMPLEMENTATION OF THE EXTRACTIVE
INDUSTRIES TRANSPARENCY INITIATIVE IN LIBERIA

2006 – 2011



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FOREWARD

The courageous young lawyer and his colleagues who started Green Advocates in 2000 were driven to tackle a central dilemma for Liberia and the region—how to wrest control of natural resources from the grip of warlords and profiteers. They made the case that the region’s civil wars were fueled by fights for control over natural resource wealth. Further, fighting factions who controlled natural resources plowed profits into more weapons that only prolonged conflict. Communities living in or around mining operations were seeing their environments destroyed and, along with that, their ability to earn a living or protect their families’ health from toxins dumped into lakes and rivers. Anyone who challenged such mining operations ran the risk of detention, assault or even death.

Green Advocates sought to challenge this corrupt and abusive *status quo* with a multi-faceted, innovative approach that involved national legislative reform, community activism, litigation, human rights documentation and international advocacy. They articulated a vision for change that tied human rights, environmental justice, anti-corruption and transparent government together. This report shows what pioneers they are.

Green Advocates, their colleagues in civil society and allies within the Liberian government have followed an often bumpy road to implement the Extractive Industries Transparency Initiative (EITI). They made this investment because the EITI provides a framework to expose and deter corruption and also ensures that human rights organizations and affected communities have access to the data they need to demand their fair share of revenue generated by extractive industries. By pursuing this strategy, they have seized an opportunity not only to change how the extractive industries are managed in Liberia but also to show the rest of us how to adopt and adapt new tools to combat corruption and promote human rights.

My organization, the Fund for Global Human Rights, has long learned from the creative advocacy of Green Advocates and its allies. We have worked with and provided financial support to Green Advocates since its inception.

The Good, The Bad, and The Ugly tells the story of how local, national and international civil society; government; and private sector actors worked together to implement the EITI process. It acknowledges that these different actors bring varied agendas to the process, and then shows how they worked around and through their differences. The report unpacks EITI’s effectiveness as a tool for advocates concerned with strengthening resource management regimes—what

works and what doesn't, who needs to be at the table, what pressures can be brought to bear on reluctant participants, how to ensure strong oversight and enforcement. Not incidentally, the EITI implementation process in Liberia has also advanced the human rights agenda. The lessons of this process, then, can be applied in many contexts where transparent and accountable regimes for managing natural resources have yet to take hold.

There are many lessons learned in the report that follows. Three, in particular, are worth noting.

1. Successful implementation of an EITI process cannot be imposed from outside. It took motivated stakeholders within Liberia to push the process along.
2. Capacity-building for local stakeholders is essential so that EITI reports and processes can be used in practical ways.
3. Civil society actors, especially those based in communities outside capital cities, need funding in order to participate in EITI processes in a sustained and meaningful way.

Liberia's EITI process has engaged and developed local actors in a process utilizing international mechanisms and standards. The international framework gave the local activists a tool; now the strength and capacity of local activists will determine how sustainable the results of the EITI implementation process are.

Not long ago, Liberia emerged from fourteen years of civil war to confront an overwhelming set of challenges ranging from a destroyed infrastructure to endemic corruption to profound and widespread human rights violations. While the country still faces significant human rights challenges, Liberia is poised for transformation. The re-configuration of the country's natural resource extraction industries means that Liberia's resource wealth finally is starting to provide benefits to the population. If the promise of this change is delivered upon and if Liberian actors have the resources and support they need to monitor and implement this framework, Liberia's EITI experience will provide both a guide for creating transparent, rights-respecting ways of managing natural resource wealth and inspiration to activists looking for new tools to guard against corruption and abuse.

Regan Ralph, Executive Director, Fund for Global Human Rights
February 2011

MESSAGE FROM THE SENIOR CAMPAIGNER

Liberia, as you may have been told many times now and are probably tired of hearing the same stories, was established by American philanthropists to promote “*democracy, rule of law, Civilization and Christianity*” on the African continent. Sadly, Liberia faired miserably in that mission. Since its founding in 1847, Liberia has had a troubled history as a proposed beacon for freed American slaves. Today, it is one of the poorest countries in the world.

For almost 15 years, Liberia was at war with itself and its neighbours. As you are probably aware, that has now changed. We are now experiencing “democracy” with the election of Africa’s first female president. There is hope in the air.

Let’s talk about Liberia’s immediate past a little bit to put you within a frame of mind and thought about our Country.

Former President Charles Taylor, who is presently now in prison on trial for war crimes and crimes against humanity, after leading a lengthy armed rebellion in the early 1990s against the previous government, used illegal timber exportation, arms smuggling, pillaging of natural resources and control of the “conflict diamonds” trade to solidify and maintain his hold on power.

During his reign, the most notorious of the timber companies, the Oriental Timber Company (OTC) controlled roughly half of what remains of the Upper Guinean Forest ecosystem in Liberia.

In the early 1800s, West Africa was completely covered by the Upper Guinean Forest. Today, that forest is almost gone. Liberia is hosting 45% of the remnants of that once pristine ecological heritage, which is now declared a biological hotspot high in species endemism and a refuge for threatened species in the region.

OTC is estimated to have paid Taylor millions of dollars for control of 1.6 million hectares of this forest area. The former president permitted OTC and its cohorts to use any means necessary to generate profits. As a result, the company unleashed a ferocious cutting scheme destroying millions of acres of forest, operating armed militias that harassed local residents who stood in their way. It committed serious human rights violations including arbitrary arrest, torture,

sexual exploitation, forceful conscription of child soldiers, desecration of cultural shrines, severe pollution, and destruction of properties.

The destruction of the ecological integrity of Liberia's pristine forest, tenure security and natural resources rights are among the principal precursors of human rights abuses, endemic corruption, environmental violations that facilitated the civil conflict in Liberia. It was aided, abetted and facilitated by multinational companies in concert with the past governments. The key victims of this organized syndicate have inevitably been local communities and their inhabitants, whose ancestral rights to these natural endowments, the government and multinationals find difficult, if not impossible to recognize.

Since the early 1940s, but more so during the 1980s up to the present, successive Liberian governments have become more dependent on revenue generated from the grant of natural resources rights derived from multinationals corporations as compared to the cumulative sum of taxes received from their own citizens. With this pot of revenue, provided by these multinationals, successive governments became islands of privileges completely disconnected from their people. The accountability dynamics created when citizens demand better governance as tax payers became more and more distorted over time, as revenue generated from natural resources grant became the only main mechanism for government programs and activities.

As a result, the readily available pot of revenue became an instrument to institute and finance a tyrannical police state which emerged to protect the interest of the government and their multinational allies. Ordinary citizens and local community rights to natural resources and tenure security gradually diminished and became extinguished. During the 15 year civil conflict, Government properties and assets associated with multinational corporations were looted and burned down. The ordinary people viewed these properties and assets as monument of hatred and exploitation.

This was at the heart of the problem and a major source of Liberia's brutal civil war that murdered over 250,000 innocent victims, forcefully displacing the country's entire population, both internally and externally and leading to the destruction of billions of dollars worth of properties and sources of livelihood.

Liberians had endured decades of war, misrule, and bad governance. Forests were destroyed, rivers were polluted, citizens were arbitrarily arrested, tortured, detained and sometimes summarily executed, telephones were tapped and

people were detained with out charges, unexplained disappearances became a way of life, indigenous peoples were mistreated, and natural resources were exploited to fuel the civil conflict without any benefit to the majority of Liberians. Only an elitist few enjoyed the country's natural resources wealth

To assist in reversing this vicious circle and create an atmosphere for dialogue, in an attempt to settle dispute through negotiation and peaceful means, Liberia natural resources must be managed for the benefit of all Liberians. Not an elitist few. The Government of Liberia must now begin an honest dialogue on the future of Liberia's natural resources. These dialogues must begin in every village, every town, every clan, every township, every municipal city, every chiefdom, every districts and every county culminating in a national conference on the future of Liberia natural resources convened by the President of Liberia.

EITI implementation-Lessons from Liberia: the Good, the Bad and the Ugly is Green Advocates' humble contribution not just to Liberia but to a global multistakeholder dialogue on the future of the world's natural resources.

-- Alfred Brownell

I. INTRODUCTION

In May, 2007, when Liberia made its official statements in support of the EITI process, it became the 22nd EITI Candidate Country. Liberia was years behind many other governments in signing onto the process. Yet, it became the second Candidate Country to achieve EITI Compliant Status.

In the 2009 Validation Assessment of the Liberian Extractive Industries Transparency Initiative (LEITI), it was noted that “even cursory observation of the EITI process in Liberia will readily reveal” the factors critical to the successful implementation of the EITI, namely, “strong leadership and will of government; a dynamic and organized Secretariat; and an engaged and multi-stakeholder steering group”.

This report charts Liberia’s experience with the EITI, shares lessons learned, proposes ways to enhance the EITI’s sustainability, and strives to contribute to successful EITI implementation in other Candidate Countries. This is a frank and brutal assessment, one that tries to lay out all of the lessons learned in Liberia – the good, the bad, and the ugly.

Most of the lessons fall into the “good” category. Liberia has been fortunate to have had a group of dedicated men and women who have worked to implement the EITI thoughtfully and realistically. As a result, Liberia has many positive lessons to offer other countries. Of course, Liberia did not avoid all of the pitfalls of EITI implementation. There were contentious issues that had to be worked through. In addition, there were times when Liberia took decisions that worked in its particular context but which might pose risks if adopted by Candidate Countries elsewhere. These are grouped in the “bad” category of lessons learned

Lastly, two recent issues have emerged that need to be effectively tackled in Liberia. These issues, should they not be resolved effectively, could harm the credibility and effectiveness of the EITI in Liberia. They are the “ugly” category of lessons learned.

II. BACKGROUND ON RESOURCE GOVERNANCE IN LIBERIA

The history of the extractive industries in Liberia is one of failed promises. Since the late 1800s, foreign investors have come to Liberia to establish concessions and, at times, these agreements helped to grow the economy. Iron ore, diamonds, gold, timber and rubber have all attracted investors and been a source of revenue for the government. However, business relationships between investors and the government also contributed to the coffers of an elite group of Liberians, who were able to control both the government and the economy. This situation left the Liberian economy overly-reliant on nature resources, vulnerable to fluctuations in global markets for these goods. In fact, during the 1970-80s, iron ore production alone counted for more than half of Liberia's exports. Mismanagement and corruption have plagued the extractive sectors, preventing the revenues from benefitting the Liberian people, promoting inefficient practices, and ultimately, providing the funds to finance civil conflict.

In recent years, the 14-year civil war prevented the country from benefitting from its natural resources and severely damaged much of the infrastructure. Iron ore production was halted and the international community banned the diamond and timber trades. These bans have since been lifted and the country is working with the international community to reinvigorate the sectors while preventing corruption and mismanagement. The EITI process has been an essential pillar in working toward proper management of the extractive industries.

The decision to sign on to and implement the EITI in Liberia was significantly influenced by civil society actors led by Green Advocates, which organized the local Publish What You Pay Coalition. When the civil conflict ended in 2003, the National Transitional Government of Liberia and international donors entered into the Governance and Economic Management Assistance Program ("GEMAP"). Civil society actors also campaigned to include EITI as one of the governance indicators under the GEMAP during the consultative process to formalize the GEMAP. The purpose of the GEMAP is to guide the transparent collection and management of government revenues, and one of its criteria was Liberia participation in the EITI. However, no official actions were taken to fulfill this criterion until President Sirleaf took office in January 2006. As a result of civil society's campaigns, in 2007, the government convened a meeting of several stakeholders involving the private sector, civil society, government representatives and development partners to launch the EITI in Liberia.

Once Liberia became an EITI Candidate Country in September 2007, it took significant steps towards EITI Validation, establishing a multi-stakeholders' steering group ("MSSG") to oversee the EITI process, establishing a professional secretariat, commissioning scoping studies to examine the inclusion of new reporting sectors, publishing its first report in February of 2009, and commissioning a Validator soon thereafter. On July 13th, 2009, President Sirleaf signed the LEITI Act into law, giving full legal authority to the LEITI. Also, in July 2009, the Validation Report was completed and found that Liberia was EITI compliant. Since the publication of the Validation Report, Liberia has completed its second report (in February 2010) and its third report has almost been completed.

Liberia's work in implementing the EITI quickly and effectively has been well-recognized internationally. Two members of the Liberian EITI team, the (now-former) Head of the Secretariat and an MSSG member from civil society, served on the International EITI Board from 2009-2011. Liberia earned the EITI implementation Country Award at the EITI International meeting in Doha, Qatar in February 2009.

III. ENCOURAGING INITIATION OF THE EITI

Led by Green Advocates, the civil society strategy in ensuring that Liberia sign on to and implement the EITI was three fold.-building: first, building pressure from the bottom by organizing civil society and the media, second, directly engaging the government and the private sector through training workshops and by pointing out the benefits of EITI and third, lobbying with Development Partners to include EITI as a governance indicator under the GEMAP and then robustly following up with GEMAP to ensure the implementation of this indicator. Mittal Steel and even the National Oil Company participated in one of our workshop and said they benefitted from the training.

This meant that civil society had been actively involved in advocating EITI implementation for several years prior to the country signing up. In addition, international donors were pressing the government to improve revenue transparency and linked this to the EITI. In 2006, with the election of President Sirleaf, the Government began working in earnest on this file. Throughout the period leading up to Liberia's accreditation as a Candidate Country, each of the stakeholder groups played a role in preparing the country for the work ahead.

Role of Government of Liberia: Soon after President Sirleaf entered into office, the Government held a meeting with civil society and international donor groups to better understand the requirements and steps for implementation. The President first publicly addressed EITI's connection to increasing transparency in Liberia in an October 2006 speech to the National Mineral Policy Stakeholders' Workshop in Monrovia. The Ministers of Finance and Lands, Mines and Energy are members of the Multi-Stakeholder Group and legislators have been actively involved in the debate and passage of LEITI legislation. This sustained and high-level political will to implement the EITI was essential to the initiative in Liberia.

Role of Civil Society: Civil society has been a driving force behind EITI implementation in Liberia. In the early stages, civil society took the lead in promoting awareness of the process and calling for its initiation in Liberia. This played a pivotal role in the Government's eventual decision to sign up to the EITI.

Civil societies' activities have been primarily led by Green Advocates, which organized the Liberian branch of the Publish What You Pay Coalition ("PWYP"), founded in late 2005. The newly formed PWYP Liberia coalition under Green Advocate's leadership used publicly available resources on EITI as well as insight provided by the International PWYP coalition to educate its members and other groups within Liberia. The coalition hosted workshops for civil society, the private sector and government on the EITI process, and coordinated with the Government on plans for the formal endorsement and issuance of a policy note on EITI. Thus, well before foundation of the formal MSSG the EITI process in Liberia was one of collaboration between stakeholders.

Role of Private Companies: The involvement of the private sector has been critically important to the success of the LEITI and the LEITI Secretariat made real efforts to explain the benefits of the EITI for companies as well as to seek feedback on the LEITI reporting templates. The private sector held a place on the MSSG from the beginning and was invited to take part in discussions of the EITI process even prior to initiation. The sector's participation has sometimes been hampered by the relatively small size of operations in Liberia. In the relatively short period of time between the end of hostilities and the initiation of the EITI process, the private sector had little chance to build up its capacity. Despite this, however, the private sector has been deeply engaged in providing feedback to the reporting templates and as members of the MSSG. Indeed, many companies have become an advocate for additional revenue reporting (sub-national revenues, development/social project contributions), an indication that companies recognize the value of the EITI in creating a predictable investment climate and in fostering

improved community relations. In their validation self-assessments, most companies indicated that they had publicly supported EITI implementation in Liberia. One, Arcelor Mittal, even signed onto the international EITI, as a result of its participation in the Liberian MSSG.

Role of International Organizations: International organizations were critical to the initiation and success of the EITI process in Liberia, perhaps more so in Liberia than in other implementing countries. The GEMAP partners, including the United Nations, European Union, Economic Community of West African States, African Union, United States, International Monetary Fund, and World Bank, were responsible for mandating participation in the process and have also provided funding support for the Secretariat and its activities. Other organizations such as the Open Society Institute and Revenue Watch International came forward to give financial or logistical support to the initiation and operations of the LEITI. The international partners were early participants in the LEITI process and remain present as observers in the MSSG. They served on MSSG sub-committees and continue to provide the MSSG with advice and feedback.

Stakeholders noted that the decision to link the Highly Indebted Poor Country (“HIPC”) debt forgiveness program to good governance standards, including the EITI, played an important role in ensuring the Government’s commitment to the prompt and effective implementation of EITI.

Lessons Learned – The Good:

Successful implementation of an EITI process cannot be imposed from outside. It took motivated stakeholders within Liberia to push the process along.

The prospects of success are greater if all three stakeholders - government, civil society and the private sector – are on board and understand the potential benefit of EITI implementation for all stakeholders.

The strategy of organizing training workshops for the government, private sector and local development partners, implemented by Green Advocates, paid off by building confidence and improving relationships between civil society organizations and other stakeholders.

Including the private sector in meetings to raise awareness of the EITI prior to becoming a Candidate Country was an important factor in Liberia’s ability to move the process forward quickly.

International donors can play a helpful role in encouraging the process. For resource-rich, highly indebted poor countries (HIPC), linking EITI implementation to debt relief can provide an additional incentive.

IV. THE EARLY PHASE OF EITI IMPLEMENTATION

There are four requirements to become an EITI Candidate Country. First, the Government issues an unequivocal public statement of its intention to implement the EITI. Second, the government commits to work with civil society and companies on EITI implementation. Third, the government appoints a senior individual to head the EITI work. Fourth, the government publishes and disseminates a fully-costed work plan containing measurable targets, a timetable for implementation and an assessment of capacity constraints. Liberia completed the sign up requirements between May and September, 2007, beginning with President Sirleaf's public statement of support for the EITI.

Except for the government statement of support, the other three sign-up criteria hinge on the creation of a credible and effective MSSG. In Liberia, the MSSG's focus on the requirements of EITI implementation and Validation helped move the process forward with relative speed and efficiency. Stakeholders have identified several characteristics that they credit for this strong start to EITI implementation. The MSSG had clear responsibilities. There was a professional Secretariat with a strong and respected head, strong commitment from Liberian stakeholders, successful early efforts to reach out to the private sector to bring them on board, and concerns over the implications for Liberia's Validation assessment if delays occurred in the implementation process.¹ The MSSG and the Secretariat were effective at responding to unforeseen challenges, including deficiencies in government information about companies operating in Liberia and the enormous task of reconciling revenue discrepancies in the first LEITI report.

A. Formation of the Multi-stakeholders' Steering Group

In order to comply with the requirement that the EITI process be managed within the multi-stakeholder framework, the MSSG was officially formed through the May 7th EITI Policy Note and LEITI Resolution signed by the stakeholders. Liberia's experience in forming and working within the MSSG structure is a strong

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¹ See Minutes from the 15th Meeting of the Multi-stakeholders' Steering Group, August 14, 2008

example for other candidate countries. Liberia's commitment to the multi-stakeholder framework is demonstrated by the fact that the MSSG was meeting regularly within months of the first official Government statement on EITI. (It holds monthly meetings even now, to which MSSG members are expected to attend.) The country completed almost all of the EITI Validation requirements under the guidance of the MSSG. The MSSG was tasked with the responsibility to implement the EITI process, including responsibility for:

- Overall strategic decision making;
- To prepare and/or approve the work plan and budget of LEITI;
- To authorize and/or approve the solicitation of external assistance;
- To recruit and dismiss the Head and the Deputy Head of the LEITI Secretariat, and to approve the recruitment of all other staff and consultants;
- To hire or approve the engagement of the Independent Administrator and/or Auditor to be responsible for reconciliations, audit and investigations;
- To approve the commissioning of all consultancies/studies;
- To approve and authorize publication of the LEITI Report;
- To determine the sanctions to be applied against any company and/or agency of government failing to submit a report required by the EITI, or otherwise comply with requirements of the LEITI;
- To develop and/or approve a LEITI financial and procurement policy, and any and all other policies and procedures required for effective and transparent implementation of the LEITI; and
- To take any and all other actions necessary for achieving the objectives of LEITI.

In addition to monthly meetings, the MSSG also held retreats when stakeholders needed more prolonged discussions, the first in July 2008 and the second in March 2009.

The MSSG chose to record the minutes of every one of its meetings and present the minutes for review and comment at each subsequent meeting. This process helped to create a paper trail for the Validator and provided a record of decisions taken by the MSSG enabling it to track whether its decisions were being faithfully implemented.

Lesson Learned – The Good:

The role and powers of the MSSG should be written down and explicitly agreed to by all members.

Liberia’s MSSG was given an unambiguous oversight role for EITI implementation; this prevented uncertainties about who was responsible for what.

An exceptional characteristic of the Liberians MSSG was its powers to determine sanctions for non-compliance. While, prior to the passage of legislation, there were questions about the legal enforceability of sanctions, the MSSG began considering appropriate sanctions at an early stage.

Regular meetings ensure that the MSSG can fulfill its oversight role and keeps stakeholders engaged. Candidate countries where MSSG meetings have been infrequent or inconsistent saw the deterioration in the faith of stakeholders in the government’s commitment to the process.

Supplementing regular meetings with workshops and retreats is a way to enable discussions of more complex issues and raise the capacity of MSSG members.

Minutes should be taken and circulated to all members of the MSSG.

Choosing Representatives: The choice of representatives on the MSSG has been a point of controversy and delay in many Candidate Countries. There are four general methods for the selection of representatives from the stakeholder groups: i) government selection; (ii) stakeholder nominations; (iii) selection by different groups of stakeholders who are asked to nominate representatives (i.e. civil society organizations choosing representatives through caucus); and (iv) publication of public notices requesting nominees.

In Liberia, appointment of MSSG representatives was controlled by the Executive branch, with the other stakeholders serving a consulting role. In essence, each constituency nominates its representatives and the Secretariat then submits the names to the President of Liberia. The President formally appoints the MSSG. The Ministry of Finance was appointed as the chief government official responsible for EITI implementation, acting as Co-Chairman of the MSSG with the

Minister of Lands, Mines and Energy. After concerns were voiced by stakeholders, the MSSG convened a subcommittee to address suggested changes to representation in the group.² This subcommittee recommended the inclusion of the National Traditional Council of Chiefs (“NTCL”) as a civil society representative, as well as for the addition of three more private sector representatives. These recommendations were submitted and approved by the Executive.³ Later, some private stakeholders expressed the opinion that smaller extractive companies needed greater representation so that their concerns over the strain of the reporting requirements will be given greater voice.⁴

As the scope of the EITI expanded, there were new concerns about the representationality of the MSSG. Civil society and pit sawyers both felt that allowing the Forestry Development Authority to be the only representative from the logging industry was inappropriate and suggested that in the future the MSSG and Secretariat needed to ensure more representation from private industry. As the MSSG moved into revenue transparency in the agriculture sector, including representation on the MSSG from the sector became imperative.

The flexibility of the LEITI Act allowed Liberia to expand the MSSG as appropriate. With the passage of the LEITI Act, the Executive continued to have the power to appoint institutional members, but only after consulting with the relevant parties when appointing representatives for civil society and the private sector.⁵ Additionally, since the appointment is institutional, the groups are able to replace their leaders. The Act mandates that the MSSG “shall comprise at least fifteen (15) members” to be drawn from the Government, civil society, and the private sector as follows:

- a. Government: seven (7) representatives to include the Minister of Finance; the Minister of Lands, Mines, & Energy; the Managing Director of the Forestry Development Authority; and the President/CEO of the National Oil Company of Liberia (NOCAL) or its successor;
- b. CIVIL Society: Four (4) representatives to include (1) Publish What You Pay Liberia or a successor organization; and (2) a

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² Minutes from the 1st Meeting of the Multi-stakeholders’ Steering Group, July 18, 2007 (dated Jan 18, 2007), and Minutes from the 4th Meeting of the Multi-stakeholders’ Steering Group, August 17, 2007

³ Minutes of the 2nd Meeting of the Multi-stakeholders’ Steering Group, July 25, 2007

⁴ *Validation of the Extractive Industries Transparency Initiative: Final Draft Report*, Oxford Policy Management, June 2009, p. 9

⁵ LEITI Act

representative of a recognized association or union of workers in the extractive sectors; and
c. Private Sectors: Four (4) representatives to include at least one representative each from the mining, forestry and oil sectors.”⁶

In addition, international donor organizations have been observers to Liberia’s MSSG since its inception. While some members of the MSSG expressed initial discomfort with their presence, their support was necessary for the continuation of the process.

Lessons Learned – The Good:

The balance between the government, civil society and private sector members of the MSSG is critically important. No one group should be able to dominate decision-making or out-vote the other two stakeholder groups.

The MSSG needs to be broadly representational. As Liberia added the forestry and, later, the commercial agricultural sector to the list of EITI reporting entities, it added stakeholders from those industries to the MSSG

Liberia did not completely avoid heated disagreements over MSSG membership, but it did not allow to sidetrack the process. The ability of the MSSG to entertain continued debate over membership and the willingness of the Executive to take the MSSG’s recommendations seriously are the major reasons for this success.

The membership of the MSSG may need to be adapted or expanded over time. In Liberia’s case, including the National Traditional Council of Chiefs was an intelligent decision, one which would not have been possible if the Government or the MSSG itself had seen the Group as “set in stone”.

Lessons Learned – The Bad:

** While disagreements over membership did not derail EITI implementation in Liberia, the potential was there. Candidate countries should consider having a clear, early policy to present to their MSSGs outlining how disagreements over membership or requests to expand the membership will be addressed.

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⁶ LEITI Act, §6.4

****** The Liberian Government formal mandate to appoint MSSG members, while seeking each constituency's nomination for its MSSG members, may have prevented the delays seen in candidate countries that allowed civil society groups to self-select their representatives, but there were risks to this approach.⁷ Candidate countries need consider whether directly appointing MSSG members will result in the public perception that the MSSG is just a "rubber stamp" for government decisions. In Liberia, these concerns were limited, likely due to strong civil society support for the EITI and the credibility of PWYP-Liberia.

Strong Leadership: The Liberian experience bolsters the observations of stakeholders in other EITI candidate countries that strong government champions are critical to a successful EITI implementation. Civil society groups in both Azerbaijan and Nigeria noted that the government officials appointed to lead the EITI process in their respective countries had the political sway to be effective leaders.⁸

Liberia's success benefitted from a similar strength in leadership. The co-chairs of the MSSG are the Minister of Finance and the Minister of Lands, Mines and Energy. Their involvement with LEITI sent strong signals to public servants, legislators and community leaders that LEITI implementation was a government priority. They were able to appeal directly to the President regarding the needs of LEITI. The President's own commitment was also critical, as this helped to make EITI implementation a national priority.

Lessons Learned – The Good:

Strong leadership by senior government officials is critically important to the effective and efficient implementation of the EITI.

Ensuring Participation of Stakeholders: EITI requires that the process be guided by representatives from all three sectors. This requires that MSSG

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⁷ *Drilling Down*, p.32

⁸ *Eye on EITI: Civil Society Perspectives and Recommendations on the Extractive Industries Transparency Initiative*, Publish What You Pay and Revenue Watch Institute, 2006, p. 10

members be present at the meetings and have the ability to substantively participate and contribute to the work.

In the early stages of the MSSG, the group noticed sporadic attendance by members of both the private sector and the government, leading the group to call on all members to make a serious commitment to participation or to give up their membership. There were active discussions within the MSSG to suspend members who failed to consistently participate in the MSSG. It became apparent that several Government representatives had insufficient time to devote to the MSSG and these members voluntarily gave up their positions in favor of government officials with more time to devote to the initiative.

The private sector, which has shown an overall high rate of attendance at MSSG meetings, initially expressed more wariness of the EITI process than the other stakeholders. This wariness, coupled with the limited capacity of many of the companies, led to reduced participation and caused other stakeholders to question the private sector's commitment.⁹ However, after intervention by the Chairman, stakeholders noted an increased commitment on the part of the private sector.

Another important aspect of ensuring effective participation is providing each party with the means to allow their full participation in meetings. The MSSG must ensure that stakeholders have the capacity to understand the process and meetings in which they are participating. This includes distribution of documents and information in advance of the meetings.

The MSSG took a variety of steps to ensure the ability of the members to participate substantively to the work. On a basic level, the Secretariat was directed to circulate relevant MSSG documents to all members in advance to provide adequate time for members to review and analyze the information. Minutes were taken and circulated. Additionally, the MSSG provided summaries of the discussions in a vernacular with which the representatives from the National Traditional Chiefs and Elders were familiar and organized meetings to build the capacity and understanding of the NTCL generally.¹⁰

Liberian civil society groups were able to build some of their understanding and capacity surrounding the EITI process before the government, local donors and

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⁹ Minutes from the 4th Meeting of the Multi-stakeholders' Steering Group, August 17, 2007

¹⁰ Minutes from the 9th Meeting of the Multi-stakeholders' Steering Group, Jan. 17, 2008

the private sector, allowing these stakeholders to take on greater responsibility in the early stages. This also helped Liberia avoid the situation faced in other countries, where civil society was forced to catch-up with the other stakeholders. Civil society stakeholders noted that their previous active involvement in the reform of the forestry sector also helped to facilitate a smooth expansion into the extractive industries.¹¹

Lessons Learned – The Good:

Peer pressure can be an effective means of ensuring participation. This is especially true if all stakeholders are committed to the multi-stakeholder framework.¹²

From the very beginning of the MSSG, there should be a system in place to distribute relevant documents and information to the Stakeholders in advance of meetings. This could be through delivery of paper copies, emails or some other means.

Efforts, such as providing summaries in a language familiar to individual stakeholders and holding special workshops or retreats are essential to effective participation.

B. Establishing the LEITI Secretariat

The Liberian experience reaffirms the observation made in other Candidate Countries that the creation of a secretariat early in the EITI process will help reduce the administrative strain on the members of the multi-stakeholder group. Liberia’s creation of a sub-committee on technical matters, worked well as a stop-gap measure until the formal Secretariat was established, but it was not a sustainable alternative to a professional office.

Liberia’s choice to appoint a full time secretariat followed the recommendations of international NGO’s on EITI best practices.¹³ The country

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¹¹ See Blundell, Arthur G., “Scoping Study; On the Benefits of Incorporating Forestry into the Extractive Industries Transparency Initiative, with Specific Reference to Liberia,” *Natural Capital Advisors, LLC*, p. 3

¹² See Minutes from the Multi-stakeholders’ Steering Group, Meetings 1, 5, 6, 7,

¹³ *Drilling Down*, p 38

proceeded to set up the Secretariat within three months of the first MSSG meeting. The MSSG was sensitive to the importance of providing the Secretariat with adequate resources for operations before the costed work plans and donor funding were finalized.

The first head of the Secretariat served from 2007-2010, and became a member of the EITI International Board in 2009. He was very open with the MSSG, providing it with detailed monthly written progress reports and seeking MSSG guidance and approval for all major LEITI implementation decisions. He was also a very visible public “face” of the LEITI in Liberia, appearing at many public events to raise awareness of the initiative. Stakeholder credit his leadership as a factor in the high level of competence that the Secretariat showed in implementing the EITI.

There was initial discussion in the MSSG of whether the Secretariat should be housed outside of the government ministries to help ensure its independence from the government, but this was outweighed by a desire to have the Secretariat running prior to September 30, 2007.¹⁴ There were early discussions about moving the Secretariat at a later date, but, as it became clear that the Secretariat was able to independently carry out its responsibilities, there was no longer any pressure to reconsider this issue.

Many stakeholders now believe that the office location may have helped to prevent the inadequate funding and support that have plagued the activities of secretariats in other countries.¹⁵ Additionally, the presence of Counselor Warner raised donor confidence.

Lessons Learned – The Good:

A dedicated Secretariat greatly facilitates EITI implementation. A strong, credible head of the Secretariat is essential.

The location of the Secretariat’s office in the Ministry of Finance and the consistency of the Secretariat personnel were important factors in the Secretariat’s success.

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¹⁴ Minutes of the 5th Meeting of the Multi-stakeholders’ Steering Group, August 30, 2007

¹⁵ *Drilling Down*, p 40

Discussions about where the Secretariat is housed can be an area of contention. Housing the Secretariat inside a government building may raise questions about its operational independence. Governments need to be flexible in addressing this issue, and remain sensitive to the concerns of stakeholders.

C. Drafting the Work Plan

The EITI International Secretariat requires that Candidate Countries develop a “public, financially sustainable work plan ... including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.”¹⁶ A technical subcommittee of the MSSG, with representatives from the government, civil society and NOCAL, was tasked with drafting the costed work plan at the first few meetings of the MSSG.¹⁷

The work plan assumed there would be funding from international donors and included budgeted amounts for the major activities required for EITI implementation. The document was used by the Secretariat later in the EITI implementation as a means of guiding the process and maintaining adequate progress in the initiative – although most of the specifics regarding the essential elements of the work plan needed to be developed after the work plan as accepted by the MSSG.¹⁸ The work plan did not have a precise timeline (often used by other Candidate Countries) but there was considerable MSSG focus on early EITI Validation which kept the process moving forward quickly.

Stakeholders noted that drafting the costed work plan within the MSSG helped Liberia avoid the friction observed in other Candidate Countries over the allocation of funds, especially for capacity building activities. The MSSG had rolling discussions to adapt the work plan over time, as evolving needs emerged, and reassessed periodically the level of detail required in the plan.

Lessons Learned – The Good:

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¹⁶ International EITI Secretariat. *Extractive Industries Transparency Initiative Source Book*, Department for International Development, London, 2005, p. 9

¹⁷ Minutes from the 3rd Meeting of the Multi-stakeholders’ Steering Group, August 1, 2007

¹⁸ See March 20, 2008 Memo from the Secretariat to Stakeholders re: Critical Components of the Costed Work Plan

Work plans should be developed by the MSSG or a committee of the MSSG that includes representatives of all stakeholder groups and then approved by the MSSG. The MSSG should be open to revising the work plan as circumstances change and new needs emerge.

D. Securing Funding for the LEITI Process

Due to the country's financial constraints, international partners have been essential to the funding of LEITI and many of its member organizations. The total initial budget created in conjunction with the development partners was \$884,678, covering the period from November 2007 to June 2009, exclusive of funds for EITI Validation.¹⁹ Most of the funds came from international donors and was managed through a World Bank multi-donor trust fund. The involvement of the World Bank and other donors connected to the GEMAP and HIPC programs created additional incentives for the government to commit to the efficient implementation of the EITI process. The LEITI process also received significant assistance in financial and technical terms from international non-governmental organizations such as the PWYP coalition and the Government itself funded the EITI Validation process, as was then required by EITI standards.

It was not all smooth sailing, however. Funding delays or financial shortfalls were obstacles to the smooth implementation of the EITI. The requirements of the World Bank multi-donor trust fund, which were either poorly communicated to the LEITI or poorly understood by the local World Bank Office, delayed by many weeks the launch of both the first and second reconciliation exercises. Yet, there were also times when donors stepped up to fund urgent or unexpected needs, including by providing transportation to the National Traditional Council of Chiefs.

The country's commitment to a broad array of development and governance projects was important in maintaining donor support for the EITI. In addition, donors appreciated the budget transparency shown by the Secretariat. The Secretariat provided monthly LEITI financial updates to the MSSG for discussion and decision, and gave copies of these reports to the international donors. Donors

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¹⁹ See November 2007 Costed Work Plan

were observers to the MSSG and were able to contribute to budget discussions and to witness the seriousness of the MSSG in managing the funds.

Civil society was supported in part through funds made available through the EITI costed work plan as well as by UNDP for specific LEITI capacity building and outreach activities. In addition, Liberian civil society organizations received financial support from independent international donors. The Publish What You Pay coalition received funding through the Open Society Institute. Green Advocates received funding later through Revenue Watch International for activities related to the EITI process. USAID also provided funding to refurbish an EITI resource center for use by civil society groups sponsored and hosted by Green Advocates.²⁰

The Validation Report recommended that the MSSG begin to look at issues of financial sustainability for the LEITI, as donors will not fund the process indefinitely. The LEITI Act envisages that, in future, the Liberian legislature will provide funding through the national budget but the Act does not provide details of how this will be done. Developing a realistic plan to gradually replace donor funding with domestic financial support is a challenge that the LEITI will have to begin to address soon.

Lesson Learned – The Good:

Partnership with international donors can prevent delays in implementation caused by funding uncertainties or lack of adequate funds, as experienced in some other Candidate Countries.²¹

Strong international and domestic support for the process in Liberia mitigated the funding issues, even allowing the MSSG to move forward with the work plan before all the funding for the program had been secured.

Budget transparency raises donor confidence and allows donors to identify and support unfunded needs. It also helps ensure that the MSSG has a realistic work plan based on the resources at its disposal.

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²⁰ Minutes of the 7th Meeting of the Multi-stakeholders' Steering Group, Nov. 15, 2007

²¹ *Eye on EITI*, p. 18; "Reviewing half a decade of EITI implementation in Ghana's mining sector: achievements, challenges and what can be learned from it" David Nguyen-Thanh and Maya Schnell, Ghana EITI, pg 5

Lessons Learned – The Bad

** International donors are unlikely to fund EITI implementation indefinitely. Few EITI countries have grappled with the issue of financial sustainability. Liberia, and others, would be well-advised to begin these discussions soon.

** Donors are not always able to disburse funding quickly or may have requirements that need to be met before financial support can be authorized. Funding delays can halt implementation.

** The World Bank should take steps to make its processes more understandable to recipients and to ensure that its rules are being implemented consistently by its offices abroad. In addition, recipients would benefit from very careful and close coordination with the Public Financial Management Unit of the World Bank.

E. Capacity Building

Capacity building is not only an important factor in ensuring the successful implementation of the EITI process – it is also one of the important benefits. The LEITI process provided an opportunity for all stakeholders to increase their capacity, as well as to facilitate relationships between the parties, through participation in the activities of the MSSG, workshops, and the reporting process.

Civil society organizations began the capacity building process for stakeholders prior to the official implementation of EITI by hosting workshops and inviting members from all three stakeholder groups to attend. Early in the EITI implementation, the MSSG organized weekend retreats and workshops for stakeholders covering the basics of EITI as well as issues pertinent to resource rich countries such as “Dutch Disease” and the “Resource Curse.”²² At each of these workshops, MSSG members were tasked with preparing presentations related to the EITI implementation. They learned about the EITI process by researching their presentations, then passed the knowledge on to other MSSG members. As Liberia moved further into implementation, workshops on the reporting process, template completion, and analyzing the LEITI Report were hosted for stakeholders. These expanded workshops were meant to ensure that the stakeholders understood and could analyze the decisions and key documents produced by the LEITI MSSG.

The Secretariat played a key role in organizing or facilitating the capacity building activities of the various stakeholder groups, and made personal appearances at most events. The Secretariat was responsible for managing the funds used for transportation and housing expenses for attendees of capacity building workshops. The allocation of funds enables stakeholders who would otherwise not have the financial means to attend the event, especially those located in rural areas, to be present.²³ In recent months, unfortunately, there has been a marked decrease in these workshops although capacity building at this juncture remains critical in improving EITI implementation.

In addition, the MSSG utilized opportunities for capacity building presented through the EITI International network, both by advice and information from the International Secretariat and by sending MSSG members to international EITI conferences to learn from the experiences of other candidate countries. Where possible, the MSSG chose its representatives from a cross section of stakeholder membership, including the private sector and civil society.²⁴

Capacity building is meant to extend beyond basic awareness and improve the ability of stakeholders to ask critical questions, host EITI events independently, and contribute substantively to the tasks of the multi-stakeholders' group. Despite early efforts, recently there has been a marked decrease in workshops and training events. This does not reflect the importance of capacity building; it remains a key aspect of EITI implementation. Stakeholders have noted that it is not clear how information gathered by LEITI (including both revenue reports and the database of concession agreements) can benefit communities and Liberians. Substantive training sessions exploring the potential benefits of the EITI are needed at this critical juncture.

Lessons Learned – The Good:

The success of Liberia's EITI implementation highlights the benefits of implementing capacity building early on in the EITI process.

Capacity building is more likely to take place and more likely to be effective if, as in Liberia's case, there is a strong Secretariat and sufficient levels of funding. The Secretariat's role in facilitating funding for capacity building, identifying

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²³ Minutes from the 14th Meeting of the Multi-stakeholders' Meeting Group, July 5, 2008

²⁴ Minutes from the 13th Meeting of the Multi-stakeholders' Steering Group, May 29, 2008

capacity building needs and making presentations was essential.

Turning over the responsibility for preparing workshop presentations to individual members of the MSSG helped to build the MSSG understanding of the EITI.

Lessons Learned - The Bad:

** To deepen and improve EITI implementation, capacity building needs to move beyond “basic training” to include workshops to train stakeholders to understand and use the information in EITI reports in practical ways. In addition to workshops, LEITI may need to develop simpler or more graphic report summaries and to facilitate local meetings between Liberians and local officials and the private sector to discuss the issues brought forward by the reports.

Capacity Building for Civil Society Organizations: Stakeholders note the significant efforts made to facilitate civil society engagement in the LEITI process and to build the capacity of its members. The PWYP coalition has hosted several stakeholder training workshops in conjunction with the LEITI Secretariat and members of civil society have attended the LEITI retreats as well as the international EITI conferences.

Capacity building workshops have been hosted specifically for civil society members in Monrovia and throughout Liberia’s counties, often as a joint effort between the Green Advocates, PWYP and the LEITI Secretariat. At one workshop, the Validator observed that the attendees with “some short guidance from the facilitator, were able to quickly interpret and analyse LEITI findings” and “were ... universally motivated and engaged by LEITI.”²⁵ However, there has been little capacity building on how stakeholders can ensure that LEITI information is used to ensure that resource revenues are, in the words of the LEITI Act, “prudently utilized for the benefits of all Liberians and on the basis of equality and sustainability”. As observers have noted, there is the need for capacity building workshops to provide training on critically analyzing the LEITI Report and developing action plans based on the report.

Civil society organizations have tried to expand the capacity building activities beyond basic LEITI information and to cover ways that civil society

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²⁵ Validation: Final Draft Report, p. 11

organizations can develop advocacy campaigns based on the information published in Reconciliation Reports.²⁶ Resource constraints and the limited number of civil society groups focused on the EITI, however, has put a strain on the ability of civil society to organize such activities. There are also concerns that too few civil society actors have the capacity to conduct campaigns holding the private sector and government to account by using the results of the LEITI Reports. Additionally, stakeholders have noted that efforts to support these groups are appreciated but insufficient. While international partners have shown support for civil society capacity building, they have been very slow in making some funding available for that purpose,²⁷ the needs are greater than the available financial resources.

Lessons Learned – The Good:

Providing funding for travel and lodging for the LEITI workshops enabled civil society representatives, particularly those from rural areas, to participate.

Lessons Learned – The Bad:

** Longer training programs may be needed, as well as new training programs to assess how the LEITI can benefit Liberians. If the Secretariat does not provide these workshops, civil society, especially the PWYP Coalition, should work to organize this for civil society. Such training could focus on the methods that civil society can use to effectively utilize the information contained in the EITI reports.

Capacity Building for the National Traditional Council of Liberia: In addition to civil society organizations, special efforts were taken to build the capacity of the National Traditional Council of Liberia (“NTCL”). The NTCL’s potential to contribute to LEITI activities in rural areas on the one hand, and its relative lack of capacity on the other, made capacity building for this group an early priority. The MSSG organized capacity training with the NTCL in several of the nation’s counties in the early period of EITI implementation as well as after the

²⁶ See Green Advocates Presentation, LEITI Civil Society Workshop, June 13, 2009

²⁷ Minutes from the 13th Meeting of the Multi-stakeholders’ Steering Group, May 29, 2008 – disclosing \$100,000 in World Bank funds available for civil society capacity building; DRAFT Validation Report, p. 11

publication of the First Reconciliation Report, in order to assist in dissemination of the Report. The Costed Work Plan specifically allocated funds for this purpose.

The first step was the MSSG-organized one-day retreat for NTCL leaders in February, 2008. Members from each of the stakeholder groups attended, as did Chiefs and Elders from each of the fifteen counties of Liberia.²⁸ The retreat enabled the MSSG to discuss the LEITI process and the role for the NTCL in EITI implementation, and it also provided a space for the NTCL to voice concerns regarding the extractive industries and to make requests for assistance in strengthening the capacity of the group. Specifically the NTCL requested vehicles for use in the various counties and space for a headquarters in Monrovia.

In addition to the formal capacity building workshops, NTCL representatives gained experience with membership on a multi-stakeholder group, including the responsibilities and obligations of such representation. This experience has proved to be valuable in clarifying some of the relationships between the Chiefs and the extractive companies.²⁹

Special efforts to build capacity within the NTCL have dwindled in the past two years, as attention focused on ensuring a good second EITI report and on validation. However, as the MSSG moves forward, it should consider renewing efforts to build the NTCL's capacity. This would facilitate an NTCL role in building support for and understanding of the EITI at local levels, as well as help it contribute to the LEITI's statutory obligation to consider how resource revenues should be spent to benefit Liberians.

Lessons Learned The Good:

Some members of the MSSG may have greater or very different capacity-building needs. The Liberian MSSG's ability and willingness to respond to this issue was a strength of the LEITI.

Training and capacity building can also be useful opportunities for airing concerns about natural resource governance more broadly. Facilitating this, and ensuring that stakeholders feel that these concerns are being heard and understood, can raise the credibility of the EITI process.

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²⁸ Report from the One-day Meeting held with Chiefs and Traditional Leaders, LEITI Secretariat, Feb. 16, 2008

²⁹ Minutes from the 13th Meeting of the Multi-stakeholders' Steering Group, May 29, 2008 – See discussion regarding the ability of the NTCL Chairman to request "goodwill" from the extractive companies.

Capacity Building for the Private Sector: Given to the private sector's initial concerns regarding LEITI, early capacity building efforts focused on the EITI's benefits for the country and the private sector. In 2008, the LEITI Secretariat organized meetings with the private sector to explain the reporting process and legal implications of the Presidential Proclamation, as well as to solicit feedback on the draft reporting templates and encourage companies to begin preparing their accounting records.³⁰ The Administrators of each of the Reconciliation Reports also held workshops with the private sector to discuss the reporting process and give instructions on how to complete the reporting templates.³¹

Inconsistent private sector participation in these workshops (caused in part by the lack of a complete company list) forced the Secretariat to reintroduce the LEITI process as preparation for the second reporting period rather than move forward with training on consistent methods for template completion or other more substantive training. In addition, the Liberian Timber Association conducted capacity building workshops for its members, with the Secretariat providing financial and administrative support.³²

Early on, some members of the private sector expressed concern that the representatives on the MSSG were doing an inadequate job of communicating LEITI decisions and policies back to the private sector stakeholders. At the time, there was no systematic means of communicating the decisions to those companies not present at the MSSG Meetings.³³ This appears to have been rectified somewhat, as the private sector members of the MSSG have become more aware of the need to report back to and consult with interested companies.

Lessons Learned – The Good:

Early workshops can help to bring the private sector on board with the EITI.

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³⁰ Meeting with Mining and Oil Companies, August 12, 2008 Report of the Secretariat; Minutes from the 17th Meeting of the MSSG, October 30, 2008

³¹ Final Report of the Administrators of the First LEITI Reconciliation, Crane White & Associates, February 8, 2009, p. 4

³² Minutes from the 14th Meeting of the Multi-stakeholders' Steering Group, July 5, 2008

³³ Minutes from the 15th Meeting of the Multi-stakeholders' Steering Group, August 14, 2008

Workshops on the reporting requirements, including how to complete the templates, are important both as efforts to ensure the submissions of good data and also as an opportunity to seek advice from the private sector ideas.

Capacity Building for the Government: The MSSG authorized the Secretariat to coordinate capacity building workshops for government agencies as well as members of the national legislature to explain the process and purpose of LEITI.³⁴ These workshops were meant to increase the ability of each branch of government to contribute to LEITI. In addition to formal workshops, there were also numerous informal meetings between members of the MSSG and legislators, especially during the consideration of the LEITI Act.

The capacity building workshop for legislators was a valuable opportunity to dispel confusion among legislators regarding LEITI and the MSSG. Despite there being a representative from the House on the MSSG, there was widespread belief that LEITI was a branch of the Ministry of Lands, Mines and Energy. There was also confusion regarding the intended initial scope of the LEITI process, allowing the Secretariat the opportunity to clarify that at least initially, the aim of LEITI was not to directly address corruption nor to ensure that communities benefit from the activities of the extractive industries (this changed, somewhat, with the passage of the LEITI Act).³⁵

Lessons Learned – The Good:

Government officials may also require capacity building. Ensuring that legislators, too, understand the EITI is an important step, particularly in countries considering specific EITI legislation.

F. Communications and Public Awareness Campaigns

As the EITI International Secretariat stresses, a strong and sustained communication strategy is essential to the successful implementation of the EITI and the realization of some of its primary benefits, “greater trust among

³⁴ Minutes from the 14th Meeting of the Multi-stakeholders’ Steering Group, July 5, 2008; Minutes from the 15th Meeting of the Multi-stakeholders’ Steering Group, August 14, 2008

³⁵ July 8, 2008 Workshop with representatives of the Liberian National Legislature

stakeholders, a lessening of risks to communities and companies, a greater ability of citizens to hold companies and their government to account, and an improved investment climate based on the reduction of risks.”³⁶ President Sirleaf stated that “[a] large part of the problems of the past lay in a lack in the lack of knowledge and information about the money paid to the government from the companies extracting the natural resources. This money belonged to all the citizens of Liberia, not just to its rulers, business elite and soldiers.”³⁷

In furtherance of this objective, the MSSG moved to draft informational brochures, set up a LEITI website, and hold meetings among stakeholders early in EITI implementation. Approximately one year after the initiation of the EITI process, the MSSG commissioned the Liberian Media Center, a local media firm, to assess the outreach and communications activities already undertaken by LEITI and prepare a communications strategy. The Liberian Media Center was later contracted to implement the strategy. Its report recommended that communication activities be expanded to include mass media and road show meetings to bring the LEITI message to a broader audience of Liberians. The objectives were to:

- Assess public perception and knowledge of LEITI , to determine various tools and medium of communication to be used in addressing knowledge gaps;
- Support communication of the LEITI’s mission, mandate, gains, results and implementation process to enhance its value as an effective initiative for reform of the extractive industry sector; and
- Enhance media understanding of the LEITI process;

The expected outcomes were:

- A recognizable and unique LEITI brand and identity;
- Clear understanding of the information gap on LEITI program amongst various target groups and stakeholders;
- Enhanced media understanding of LEITI goals and objectives;
- Enhanced public understanding of the reform initiatives of the LEITI program, its accomplishments, milestone, progress and status; and
- Increased public and community participation in LEITI monitoring and implementation processes.

³⁶ *Talking Transparency*, Extractive Industries Transparency Initiative, p. 12

³⁷ *Talking Transparency*, Extractive Industries Transparency Initiative, Foreward

A significant factor in achieving these goals was determining how the communication campaign could reach less educated and rural Liberians. The media strategy emphasized branding and the use of easily understandable radio (“dramas”) and newspaper (“earpieces”) content as a means of disseminating information. For example, newspaper content included “[c]artoon illustration on LEITI matched against easy to follow FAQs” and was intended to reach both illiterate and literate Liberians.³⁸ The strategy was implemented through the:

- Creation of a recognizable logo;
- Commissioning of billboards;
- Creation of LEITI t-shirts for dissemination at speaking events;
- Updating the website to reflect the logo and to make available key documents, including press releases;
- Formation of a newsletter targeted at key stakeholders;
- Airing of easily understandable radio “dramas” and jingles in various dialects throughout the country;
- Placement of “earpieces” in the main daily newspapers explaining the LEITI;
- Development of a database of contact information for stakeholders; and
- Hosting of town hall meetings in each of the counties to present information regarding the LEITI process.

The MSSG reached out to Liberia’s development partners to promote the LEITI project. UNMIL Radio provided radio spots for the LEITI awareness campaign free of cost and included discussion of the LEITI process in the Civil Affairs program, inviting LEITI members onto the program.³⁹ This format allowed the MSSG to make informational statements about the process and take questions from callers.

The communications strategy recommended outreach to media groups and journalists to increase awareness and understanding of the LEITI process. Therefore, LEITI organized a one day capacity building workshops with editors, publishers, journalists, and other media representatives to discuss the First

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³⁸ *LEITI Communications Strategy*, p. 9-10

³⁹ Minutes from the 17th Meeting of the Multi-stakeholders’ Steering Group, Oct. 30, 2008; Minutes from the 16th Meeting of the Multi-stakeholders’ Steering Group, Sept. 25, 2008

Reconciliation Report and was successful in encouraging coverage of other LEITI workshops.⁴⁰

As reported by stakeholders, one of the most successful means of spreading information about the LEITI process has been in-person presentations, including town hall meetings and workshops. In 2009, the Secretariat, organized a nationwide town hall meeting initiative to bring information about LEITI to each of Liberia's counties. These town halls invited "local authorities, chiefs and traditional leaders, women, miners, youths and other community members."⁴¹ The Secretariat also organized separate meetings with significant community and legislative groups, including the House of Representatives, the Monrovia Rotary Club, and journalists.⁴² Stakeholders believe that the first communications campaign was a success, although reaching a broad audience was a struggle and the use of indirect means to reach people, such as radio and print ads, were less effective than town hall meetings and other direct contact between the LEITI Secretariat and MSSG, on the one hand, and Liberian citizens on the other.

More recently, in 2010, LEITI organized meetings in each country to disseminate and discuss the country's second EITI report in each of the country's 15 counties. Taking the initiative to publicize and facilitate wide discussions of each LEITI report is a best practice that should continue to receive the attention and support of the MSSG. In addition, it would be useful to have a schedule of such events on the website, to encourage participation, as well as a brief summary of each townhall meeting.

Lessons Learned – The Good:

Designing and implementing a communications strategy early in the EITI process is a best practice. Communication campaigns External consultants should be conscious of literacy and language constraints, use both direct and indirect methods of communications, use the web, and ensure easy access to key documents provided easy access to key documents.⁴³ Visual representations, radio skits, call-in shows, and other means of reaching a wide audience should be considered.

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⁴⁰ *Validation: Final Draft Report*, p. 26

⁴¹ Minutes from the 16th Meeting of the Multi-stakeholders' Steering Group, Sept. 25, 2008

⁴² Minutes from the 15th Meeting of the Multi-stakeholders' Steering Group, Aug. 14, 2008

⁴³ *Talking Transparency: A guide for communicating the Extractive Industry Transparency Initiative*, Extractive Industry Transparency Initiative International Secretariat, 2008, Diagram 6 p. 24

Liberia's choice of a local media relations firm was an important factor in creating a successful campaign.

The Liberian experience verifies that an EITI communication campaign can be a means of facilitating communication over issues relevant to the extractive industry more generally, for example in clarifying the responsibilities of companies towards local communities and the responsibility of the government to properly use funds received.⁴⁴

Lessons Learned – The Bad:

** It can be difficult to sustain media interest over the long term. Multi-stakeholder groups may believe that earlier communications campaigns have sufficiently raised EITI awareness. However, experience in raising citizen awareness on other issues suggests that communications needs to be an ongoing priority.

** As EITI implementation progresses in Liberia, it might be useful to initiate a second communications campaign, one that could help disseminate the results of reporting and highlight the benefits of revenue transparency.

Role of the Secretariat: The Secretariat plays a critical role in creating content for dissemination via the website and at speaking events. The first Head of the Secretariat devoted significant time to making public appearances to explain the EITI process. He was present at most public awareness events to speak about the EITI process and the benefits from participation – including the campaign organized in partnership with PWYP and the NTCL to hold workshops in all of Liberia's counties.⁴⁵ In 2010, there was a change in the Head of the Secretariat. The new Head has also helped to disseminate information on the EITI through speaking engagements, but the pace of public outreach appears to have tapered off.

The website was set up to contain news feeds and updates on the activities of the Secretariat and important changes to the LEITI process, such as the passage of the LEITI Act. The Secretariat also acts as the contact person for LEITI inquiries and

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⁴⁴ See Minutes from the 23rd Meeting of the Multi-stakeholders' Steering Group, April 23, 2009, comments the Representative of the Bomi Youth.

⁴⁵ *Validation: Final Draft Report*, p. 26

the contact information for the office is posted on the informational materials and website. Information on the website, however, is not up-to-date. For example, a May 2010 press release about county consultations has not been followed up by reports of these events and there are no newsletters available on-line.

Role of Civil Society: In the initial phases of EITI implementation civil society hosted group discussions, conducted talk radio shows, drafted news paper articles and funded newspaper advertisements. The PWYP and the NTCL helped organize the first national campaign to discuss the LEITI Report in each of Liberia’s counties, participated in the 2010 dissemination of the second EITI report and helped organize a number of outreach events to students on university campuses.

Role of the Private Sector: Members of the private sector can play a useful role by publicly supporting the EITI. During the validation process, companies were asked to whether they had made such public statements; of the thirty companies that responded to the survey, twenty-four answered that they had.

Lessons Learned – The Good:

Stakeholders noted that the communications strategy would have been more effective if civil society had been able to increase its efforts to assist the campaign by building networks of civil society and community-based organizations to spread information about LEITI throughout the country.⁴⁶ However, the limited number of groups devoting time to the LEITI campaign was constrained increased civil society participation.

The Liberian Secretariat has shown that even with limited staff a Secretariat can play a key role in a candidate country’s communication campaign. However, stakeholders noted that more needs to be done to increase understanding of the process and its potential benefits, especially in the rural areas.

G. Creating the Legal Platform

There was a sense among the stakeholders from an early stage that a strong legal basis was necessary to make the EITI process enforceable and sustainable in Liberia. However, the MSSG also recognized the need for an interim legal framework so that the reporting process could take place as legislation was drafted and approved.⁴⁷ The Policy Note issued by the Government and the Resolution signed by the government, civil society and the private sector on May 7th, 2007 were the first steps in this framework and provided the base from which the MSSG started operations.

Multi-Stakeholders' Memorandum of Understanding: The members of the MSSG signed a LEITI Memorandum of Understanding to guide the group's implementation of the EITI process on April 4, 2008, approximately eight months after the first MSSG meeting. The MOU was drafted by the Secretariat based on a comparative review of MOUs used by other candidate countries, including Nigeria and Azerbaijan.⁴⁸ It was signed by all the relevant stakeholders and attested to by foreign donor partners.

The Liberian MOU is similar to Azerbaijan's MOU, including sections on the responsibilities of the parties, the functions and powers of the steering group, the format of the revenue report, and the sustainability of the process. It provided the MSSG with the following functions and powers:

- i. To prepare and/or approve the work plan of the LEITI;
- ii. To prepare and/or approve the budget of the LEITI;
- iii. To authorise and/or approve the solicitation of external assistance;
- iv. To recruit and dismiss the Head and Deputy of the LEITI Secretariat, and to approve the appointment of all other staff and consultants;
- v. To hire or approve engagement of the Independent Auditor;
- vi. To approve and commission all consultancies/studies.
- vii. To approve and authorize publication of the LEITI report.
- viii. To develop or approve an LEITI financial and procurement policy, and all other policies and procedures required for effective and transparent LEITI implementation;
- ix. To take any and all other actions necessary for achieving LEITI objectives.
- x. The LEITI also has powers to adopt any and all rules necessary for its internal governance and for the operations of the Secretariat.

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⁴⁷ Minutes of the 10th Meeting of the Multi-stakeholders' Steering Group, February 28, 2008

⁴⁸ Minutes of the 10th Meeting of the Multi-stakeholders' Steering Group, February 28, 2008

Presidential Proclamation: The Presidential Proclamation was a stop-gap measure to ensure the reporting parties participated in the process before the passage of EITI legislation ⁴⁹ To this end, the Proclamation required every relevant government agency and extractive company to disclose “fully, timely, and in the manner required by the EITI Criteria” all revenues received from extractive industry companies. It also announced that the acceptance of the EITI Criteria and Principles would be a necessary element of all concessions and licenses granted in these sectors in Liberia. However, MSSG members were acutely aware that the Proclamation may not have been legally enforceable.

Legal Review: EITI implementing countries must remove all obstacles to EITI implementation, including legal barriers. Liberia was conducting wide reforms related to good governance and resource management when it began EITI implementation. Some of the reform legislation provided direct legal support for revenue reporting, such as Liberia’s reformed forestry regulations. Other legislation, such as the Procurement Act (“PPCC”), guided technical aspects of LEITI implementation.⁵⁰ However, to explore the legal obstacles to the EITI, the MSSG engaged a local law firm to review the laws and regulations that could hinder the EITI process. The report called for reforms which would allow for the release of confidential tax information as well as the creation of a legal requirement that companies and government agencies participate.

Lessons Learned – The Good:

Liberia’s use of interim measures to provide a legal basis for initial EITI implementation was a best practice. It provided the framework for LEITI to move forward quickly and effectively.

The MOU setting out the roles and responsibilities of the MSSG clarified the Government of Liberia’s expectations in advance of legislation and prevented misunderstandings among MSSG members.

Liberian Extractive Industries Transparency Initiative Act: The LEITI Act is significant because it incorporated new sectors for EITI reporting, forestry

⁴⁹ See Minutes of the 12th Meeting of the Multi-stakeholders’ Steering Group, May 1, 2008, and Minutes of the 13th Meetings of the Multi-stakeholders’ Steering Group, May 29, 2008

⁵⁰ See Statement on EITI implementation in Ghana, by Hon. Deputy Minister For Lands, Forestry & Mines Extractive Industry Transparency Initiative (EITI) Conference, Oslo, Norway, October 16 -17, 2006

and agriculture, as well as expanded the powers of the MSSG to include the auditing of the relevant parties and the government's granting of concessions. The Secretariat and a civil society representative worked together to create the first draft of the LEITI Act, using Nigeria's legislation as an example. The drafters were careful to consider the sustainability and ability to expand the LEITI process. It was signed into law on July 14, 2009.

Initially, civil society identified agriculture as a sector that should be covered in a revenue transparency law. It campaigned hard to have the sector included in the draft legislation, but this was heavily resisted by industry and the draft that went forward did not include it. Civil society adapted its strategy, focusing on convincing legislators to amend the LEITI Act to include the sector. This was ultimately successful.

The drafting and passage of the legislation was facilitated by the fact that Liberia's MSSG included representatives from the Executive Branch, including Ministers and a Presidential Advisor, as well as members of the National Legislature. They were able to act as champions of the bill. Even with this broad support, however, there was still the need for civil society to lobby legislators to guarantee its timely passage.

The Act establishes the LEITI as an autonomous agency of the Government of Liberia, and grants it the power to sue and be sued, enter into contracts, acquire property, establish relationships and take other actions in furtherance of the goals of the LEITI.⁵¹ In this role, the organization must report annually to the Executive and Legislative branches.. The Act prevents the government from dismantling the process for the first seven years, although it envisions its eventual end once the process has been sufficiently institutionalized in governmental processes.

The Act expanded the scope of the LEITI to include mandatory reporting of all payments to all levels of the Government, the establishment of a publicly accessible repository for concessionary contracts, and mandatory reporting by the agriculture sector. It granted the MSSG the power to sanction companies for non-compliance, to conduct independent audits of the reporting parties, to conduct independent audits of Liberia's concession granting procedures and to receive financing through the national budget and from development partners.

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⁵¹ LEITI Act, §2.3

The Act charged the LEITI with responsibility to ensure that resource revenues are “prudently utilized for the benefits of all Liberians” and to serve as a platform for considering and advising the Government on “other measures aimed at good resource government”. The law, in effect, obligates the LEITI to move significantly beyond revenue transparency and to include within its work program, efforts to ensure that the benefits from resource revenues are maximized. In passing the LEITI Act, Liberia went as far as possible to ensure a solid legal platform for the EITI process and provided other Candidate Countries with another example of EITI legislation.

Civil society played a key role in creating momentum for legislation. Led by Green Advocates under the leadership of Alfred Brownell, the Publish What You Pay coalition framed discussions of the LEITI within the light of the “maximum feasible participation” clause of the Liberian Constitution to encourage stakeholders and the public to think of revenue transparency as a right rather than a privilege.⁵² While this interpretation of the Constitutional Clause did not receive any official endorsement, it provided civil society with a legal rallying point to build its argument.

Following the passage of the LEITI Act, the MSSG established a sub-committee to consider issues and designing a road map related to the implementation of the Act, including issues related to reconstituting the MSSG in accordance with the new law.

Lessons Learned – The Good:

LEITI legislation gave the MSSG the legal powers to sanction non-compliance and this should be seen as an EITI best practice.

The LEITI Act moves well beyond the minimum EITI requirements and provides an enabling context for “EITI ++” activities. It demonstrates that it is possible for Governments to support contract transparency and to empower national EITI MSSGs to assess the appropriate use of resource revenues.

Members of the multi-stakeholders’ group may need to pressure leaders to create a

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⁵² Article 7: “The Republic shall, consistent with the principles of individual freedom and social justice enshrined in this Constitution, manage the national economy and the natural resources of Liberia in such manner as shall ensure the maximum feasible participation of Liberian citizens under conditions of equality as to advance the general welfare of the Liberian people and the economic development of Liberia.”

legal platform. Politicians may not be interested in using their political capital on EITI legislation, especially if the EITI process is not well known and not an issue for voters. In this process, it is beneficial if the EITI government representatives have influence with the Executive.

H. Determining the Reporting Process

Under EITI criteria, the reconciliation report must publish all material revenues paid by the extractive industries and received by the government. Since there is no single format for reporting under EITI standards, the Liberian MSSG was forced to make decisions on a variety of issues pertinent to the reporting process, including the parties required to report, the types of payments to be reported, and the format for the reporting templates. All of these decisions were made within the MSSG, with the Secretariat and Government ministries taking the lead based on their expertise with the revenue streams.

Materiality of Payments: The EITI Secretariat defines a payment as material if “its omission or misstatement could materially affect the final EITI report,” and has recognized that the decision over which payments are deemed material must be made on a case-by-case basis in every country. The unique factors in the participating country is to determine whether the payment could “materially affect” the final EITI report.

In Liberia’s case, the MSSG made numerous decisions regarding the materiality of revenues and parties to be included in the LEITI process. Yet it did not set guidelines for what constitutes material payments, preferring instead to take decisions as issues arose. As a result, Liberia’s decisions on materiality evolved over time. This caused differences of opinion between the Administrator of the First Reconciliation Report, some stakeholders, the International EITI Secretariat and the Validator. In addition, as the first implementation of the EITI process was constrained by capacity at several levels, the MSSG could not give serious consideration to going beyond the reconciliation process to include audits of the government agencies and reporting companies.⁵³ This has been required in subsequent reports (although there remain lingering compliance issues as many companies have not submitted independent audits).

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⁵³ *Drilling Down*, p. 21

Lessons Learned – The Bad:

** Materiality is not an easy concept and it is important that multi-stakeholder groups arrive at a consensus about what constitutes material payments. This should then be translated into a document that provides guidance for the future. The EITI International Secretariat recommended this step when it commented on Liberia’s draft Validation Report.

Reporting Parties: One of the most fundamental decisions is which sectors, companies, and government agencies will be required to participate. Liberia demonstrated that this can evolve over time, to include additional sectors and companies.

As a general rule, Liberia decided to require all companies active in the relevant industries to participate. For the first report, the sectors covered were mining, oil and gas, and forestry; from the second report on, commercial agriculture was added. For the first report, Liberia excluded pit sawyers and diamond and gold brokers. This reflected a pragmatic approach to implementing the EITI and an awareness that, as a post-conflict country faced with capacity issues and as the in the first country to include the forestry sector, Liberia could only go so far in its first report. However, pit sawyers and brokers were included from the second report onwards.

The MSSG decided to include the forestry sector despite the fact that timber is a renewable resource and not a traditional EITI industry because of the history of mismanagement and abuse of timber resources within the country. Civil society pushed heavily for the industry’s inclusion and the Government acquired funding from the African Development Bank to fund a scoping study to guide the development of the forestry reporting process despite initial resistance from some international partners. This expansion of the sectors subject to reporting and reconciliation has been unique to Liberia. The international EITI Board recognized the importance of allowing national processes to adapt in ways that meet national needs.

There was no formal list of companies for each sector in Liberia. A rudimentary companies list was compiled by the Ministry of Finance based on revenue and tax information, with the MLME, FDA, and NOCAL providing assistance. The experiences with the first and second reports demonstrated that

this process did not capture all of the relevant companies and added to the challenges faced by the Administrator.

Lessons Learned - The Good:

With some advance preparation (such as scoping studies), the EITI can be extended to cover sectors beyond the extractive sector. It has demonstrated its potential to provide a framework for revenue transparency in forestry and commercial agriculture.

Progressive application of the EITI reporting and reconciliation process, both to other sectors and to other players (for example, gold and diamond brokers) can have substantial benefits for implementing countries. It can allow Candidate Countries to set realistic objectives for its initial efforts at EITI implementation and then to expand those efforts over time.

Lesson Learned – The Bad:

** The lack of complete or accurate information on the companies involved in the extractive sectors hampers EITI implementation. Where government lists are suspected of being incomplete or outdated, efforts should be made to supplement this information. For example, the EITI Secretariat or MSSG could contact local levels of government and seek assistance in improving the lists. Media campaigns may also help. Industry associations could be asked to review and edit company lists.

Types of Payments: The MSSG decided to focus on to official payments made to the Ministry of Finance, the Ministry of Lands, Mines and Energy, the National Oil Company of Liberia and the Forestry Development Authority, all agencies of the national government. Liberia chose to require reporting of all payments to the national government, regardless of size, but stakeholders expressed general satisfaction with the Administrators decision that certain unresolved payments in the final report were immaterial.⁵⁴ (This decision coincides with the method chosen by Nigeria to require complete reporting but to

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⁵⁴ Validation: Final Draft Report, p. 22-23

seek reconciliation of discrepancies only if they represent 5% or more of the particular revenue stream.⁵⁵)

The private sector has expressed interest in having the LEITI report reflect all payments made by its members to the government, local officials and communities so that an accurate picture of company contributions could be presented to the public. This might also reflect the private sector's increasing awareness of the value of revenue transparency to its community relations efforts. However, other members of the MSSG were concerned that local payments and in-kind contributions to communities would be too difficult to verify and value.⁵⁶ As a result, the Secretariat drafted a memorandum outlining the decisions of the MSSG with respect to in-kind benefits and payments to communities.⁵⁷ The memorandum conveyed the following:

- A company's expenditure on infrastructure is not reportable as payments to Government. Besides being categorized as indirect economic benefits, these social benefits need no extra publicity beyond their inherent physical display to the public;
- Consistent with the declared objective of publishing every payment to any and all agencies and levels of government, payments made to counties headed by appointed political officials arguably constitute payments to a "level" of government. It is therefore advisable that necessary arrangements are made to process such payments through the central government, which will then disclose the payment in its LEITI report; and
- To the extent that reliable data is available of other payments not generally required to be disclosed, there should be a continuing evaluation of the positive objective to be served by their disclosure. Where a decision to disclose is made, the additional payments can be disclosed as "voluntary disclosure."

Voluntary disclosures were further restricted by the MSSG to require explanatory notes detailing the nature of the benefit and the method used by the company to evaluate the worth.⁵⁸ Unfortunately, there has not been any move forward on channeling local payments through the national government.

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⁵⁵ *Drilling Down*, p. 48

⁵⁶ Minutes from the 10th Meeting of the Multi-stakeholders' Steering Group, February 28, 2008

⁵⁷ See Secretariat memorandum to the MSSG, "In-Kind Benefits and Payments to Communities" March 18, 2008

⁵⁸ Minutes from the 11th Meeting of the Multi-stakeholders' Steering Group, March 27, 2008

Companies are, therefore, free to report on their payments to sub-national levels of government and their community development projects in annexes to their reporting templates. However, in order to minimize problems during the reconciliation process, the templates themselves should reflect only payments made at the national level.

Lessons Learned – The Good:

Allowing companies to voluntarily disclose more than what is required by the LEITI increased corporate buy-in for the process and permitted companies to provide the public with a more complete picture of the revenues they were paying to all levels of government.

Lessons Learned – The Bad:

** Omitting the disclosure and reconciliation of payments made at the local level arguably leaves open a loophole in revenue transparency, and could provide opportunities for tax avoidance and misdirection of funds by local officials. LEITI's decision to try and have local payments channeled in some way through the national government, so these payments are captured in LEITI reporting, is one way forward. Another option might be to persuade local governments to complete EITI templates and disclose the revenues received.

Reporting Templates: There are a variety of important decisions that go into drafting reporting templates, including the time period for reporting and the form of data reported. The MSSG chose to join other Candidate Countries in going beyond basic EITI requirements by implementing an annual disaggregated publication process, with the report reflecting by company and revenue stream all of the data reported.⁵⁹

LEITI created individual templates for each industry sector and required private companies to complete a template for each of the industries in which it operated. In contrast, the government template included revenues from all sectors and only one template was to be completed per company. For the second reporting period, the MSSG chose to require each reporting party to identify both the

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⁵⁹ *EITI Beyond the Basics Report*, Reenue Watch International, p. 19

payments made/received and the payments required. In addition, companies could report voluntarily on payments made to other levels of government in an annex.

Liberia's reporting templates were generated by consultants, contracted by the LEITI, in conjunction with the relevant government agencies. The templates were designed to capture "all payments required of every extractive company in keeping with existing laws and regulations of Liberia, including the Revenue Code, the New Petroleum Law, the new Reforms Forestry Law; the Mining Law; and the regulations promulgated under each law as well as applicable/individual productions sharing agreements (PSAs), Mineral Development Agreement (MDAs) and Forest/Timber Management Agreements."⁶⁰ The draft templates were then submitted for comment to the Liberia Timbers Association, the Forestry Development Agency, the National Oil Company of Liberia, Arcelor Mittal, AmLib, and others before being submitted to the MSSG for review and approval.⁶¹ The Administrators of the first and second reconciliation reports developed instructions on how to complete the templates – including significant decisions on how to complete the line items for community benefits/payments – submitting draft instructions to the MSSG for approval.

Guidelines for completing the templates included:

- Technical accounting or taxation-related issues such as the coding of different tax payments;
- Calculating and reporting the data on a consistent basis—whether on a cash basis of accounting or on an accrual basis of accounting;
- Consistent measures for reporting the quality and quantity of physical volumes of oil, gas, metals, or minerals;
- The kinds of government payments requiring disclosure (for example, payments to national governments versus local or provincial levels of government);
- Consistent treatment of social or "voluntary" payments by extractive companies to local communities (which are sometimes perceived as non-voluntary by companies and therefore akin to a tax to be reported in the EITI templates); and
- Foreign exchange translation issues.

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⁶⁰ Minutes of the 10th Meeting of the Multi-stakeholders' Steering Group, February 28, 2008

⁶¹ *Validation: Final Draft Report*, p. 15

In addition, workshops for the private sector on the completion of the reporting templates were organized before the first and second reports. Despite this, many stakeholders felt that more could have been done, as many companies reported difficulty in filling out the templates and this made the reconciliation process more difficult.

Lessons Learned – The Good:

The data gathered by the national EITI processes are more useful when disaggregated. When disaggregated, it is possible to monitor who is paying what for what purpose, and to whom. This allows stakeholders and the public to analyse whether, for example royalty rates appear to be consistent across concessions or whether some companies appear to have gotten “sweetheart deals”.

Care needs to be taken to ensure that the reporting templates for the government and private companies correspond with each other. This was noted as an issue by the Validator.

Consulting the private sector and the relevant government ministries/agencies on the draft templates is a useful step. In Liberia, company feedback prompted redrafting of the template.

Holding workshops to explain to the private sector how to complete the templates are a best practice. After the workshops, there should be no changes made to the reporting template, or instructions, after the training.

For countries considering an “EITI+” process and including other sectors, developing unique templates for each sector is a best practice, given the wide variation in the kinds of taxes and fees paid.

Lessons Learned – The Bad:

** All three stakeholders – industry, government and civil society – should be involved in drafting the reporting templates. In Liberia’s case, the lack of a significant civil society role in the drafting process was a lost opportunity to build its capacity and knowledge of the revenue/tax structure.

****** In drafting the templates, there should be special efforts to include smaller operators. They have a more limited capacity to understand and complete the templates and this should be factored into the template design.

V. THE FIRST RECONCILIATION REPORTING PROCESS

As has been experienced by other implementing countries, the compilation and release of Liberia's First Report for the period of 2007-2008 revealed many issues that are barriers to efficient and consistent implementation of the reporting process. These issues included incomplete and inconsistent database records, as well as administrative and logistical obstacles.⁶² These issues contributed to the failure of the first Administrator to reconcile all of the material discrepancies.

However, the Report also revealed how revenue reconciliation can shine a light on fraud that deprives the government of revenue. The process of reconciling a discrepancy in reported payments between one company and the government revealed a faked Ministry of Finance receipt for the amount of \$34,000. The receipt was eventually traced back to an employee of the company who took the funds from the company account and claimed to have paid taxes with the funds.

A. Selecting an Administrator

The procurement and selection of the Administrator is one of the areas where Liberia's international partners played a significant role, especially with navigating the procurement procedures required under the institutional funding guidelines. The Expression of Interest and the Terms of Reference for the Reconciler were drafted by the LEITI Secretariat in conjunction with the World Bank and submitted to the MSSG for comments and edits before it was approved for publication.⁶³

The first TORs suffered from a lack of accurate information regarding the number of reporting companies involved in the reconciliation process. This was cited by the Administrator as a factor preventing complete reconciliation of the discrepancies in reported revenues.⁶⁴

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⁶² *Legislative Guide*, Revenue Watch International, p. 38; Report on the First Mongolian Reconciliation

⁶³ Minutes from the 12th and 18th Meetings of the Multi-stakeholders' Steering Group

⁶⁴ Final Report of the Administrators of the First LEITI Reconciliation, Crane White & Associates, February 8, 2009, p. 6

The Terms of Reference for the recruitment of the independent administrator/reconciler was published for a period of six weeks in five of the major local newspapers, on the EITI international website and on the LEITI website. However, one day before Liberia was set to start receiving bids the Audit Committee sought advice from the international donor organizations, specifically the PFMU of the World Bank and was informed that the procedure failed to meet the institution's Procurement Guidelines. This caused delays in the selection of the Administrator as the process was adjusted to comply.⁶⁵

Lessons Learned – The Good:

Expressions of Interest documents should be widely-publicized.

Lessons Learned – The Bad:

** Poorly communicated or poorly understood World Bank procurement requirements can delay a process.

B. Process for the First Reconciliation, 2007-2008

Crane White & Associates agreed to the Terms of Reference to act as the Administrator of the first Reconciliation process in October 2008 and representatives met with the MSSG on November 13, 2008 for the MSSG to approve the Administrator's workplan. The timeline for the reconciliation process was four months.⁶⁶

The first tasks for the Administrators were to review the draft reporting templates, draft instructions for the reporting parties and to hold a capacity building workshop to explain the process to the relevant stakeholders. This was completed in the first month of the reconciliation process.⁶⁷

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⁶⁵ Minutes from the 14th Meeting of the Multi-stakeholders' Steering Group, July 5, 2008

⁶⁶ Minutes from the 18th Meeting of the Multi-stakeholders' Steering Group, Nov. 13, 2008

⁶⁷ Minutes from the 19th Meeting of the Multi-stakeholders' Steering Group, Dec. 11, 2008

The Terms of Reference then called for the reporting templates from both government and the private sector to be submitted directly to the Administrator. The Administrator was then supposed to send copies of the reports received to each of the relevant stakeholders, so that both the government and the companies could compare their reports with those submitted by the other side. It was the responsibility of the Administrator to compare the reports submitted by each side and determine whether the reports agreed. The TOR required that the Administrator request supporting data for any revenue streams on which there were inconsistencies in the reports – and to conduct an audit if supporting data could not resolve the inconsistency.

Due to complications, there were several changes made to the work plan during implementation. The Administrator, in conjunction with the Secretariat, chose to forgo forwarding the reporting templates of the private sector and government to the alternative party due to greater variations in the reporting templates than expected. Additionally, the Administrator focused on the reconciliation of discrepancies in US dollar payments, rather than discrepancies in both US and Liberian currencies, due to materiality and efficiency considerations. However, the rest of the actions were undertaken to the extent possible within the time period and with the data submitted.⁶⁸

Liberia faced several problems in ensuring participation of reporting parties, especially from the private sector. The first problem was an inadequate list of companies active in the relevant sectors. This problem was coupled by inadequate knowledge among the private stakeholders for them to come forward early in the process to voluntarily report revenues. In addition, while the Presidential Proclamation made LEITI participation a policy requirement of the Government of Liberia, the MSSG had no legal authority to sanction non-compliance.

These issues became apparent after the initial deadline for submission of templates had passed and a significant number of companies had failed to submit templates. In response the Administrator and MSSG published the names of those companies that failed to submit reports in local newspapers and radio.⁶⁹ After the publication of names, the Administrator received revenue data for several more companies, including one that had not been named but had seen the ads and realized that it fit the category of companies required to report.

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⁶⁸ Final Report of the Administrators of the First LEITI Reconciliation, Crane White & Associates, February 8, 2009, p. 8-9, 21

⁶⁹ Final Report of the Administrators of the First LEITI Reconciliation, Crane White & Associates, February 8, 2009, p. 10

The Administrator spent time following up with the reporting parties to get copies of the reporting templates, as well as the supporting data needed to conduct the reconciliation. After the Administrator received reporting templates for less than half the companies identified by the reporting deadline, the Administrator and Secretariat began inquiries to determine the reason for non-compliance. These inquiries by revealed inconsistencies in the reporting methods of private companies versus the government, specifically the aggregation of related companies onto a single reporting template, as well as simple failure to report.

Lessons Learned – The Good:

Using the media to publicize which companies failed to meet their reporting obligations was a useful step both as a mild sanction for non-compliance and as a way to reach companies unaware of the EITI.

MSSGs should reach out to smaller companies to address issues related to accounting records and auditing of accounts prior to the first reporting period. This was a suggestion made by the Validator.

Lessons Learned – The Bad:

** The private sector may report on payments made to agencies of levels of government that fall outside the country's EITI implementation. This complicates the reconciliation process.

** Liberia's experience suggests that, to the extent possible, a Candidate Country should assess the ability of its Ministries to create accurate reports on revenues received prior to the first reporting period. This may enable to the government to either address potential problems or to conduct a more comprehensive search of payments before submitting reporting templates.

C. Report Recommendations and Findings

The Administrators of both Reconciliation Reports identified a number of issues that hindered the efficient and accurate reconciliation of the revenue streams and recommendations to help rectify the problems. These issues can be categorized as problems with 1) access to a comprehensive list of reporting companies, 2) inadequate recording keeping, 3) inadequate supporting data, 4) insufficient accounting and auditing capacity, and 5) vagueness in the reporting template. In addition, in the second report, the Administrator noted that seven companies had not complied with their legal obligation to report.

List of Reporting Companies: The Administrator recommended that Liberia create and maintain a comprehensive list of companies operating in the relevant reporting areas, including contact information for the companies.⁷⁰ The lack of a comprehensive list prevented several companies from participating in the first. Insufficient contact information also made it difficult for the first Administrator to contact reporting companies to request supporting data.⁷¹

Record Keeping: The Administrator found that inconsistencies in the government's record keeping methods caused difficulties in ensuring accurate reports and reconciling discrepancies. The Ministry of Finance's database of revenue payments had inconsistent identification methods for the reporting companies, making the compilation of company revenues time consuming and inaccurate.⁷² Some of these discrepancies were resolved after the Administrator followed up with the Ministry.

The Administrator noted other deficiencies in the Government's database system that could be revised to help improve the effectiveness for reporting purposes. First, while each company is given a unique Tax Identification Number, these numbers were often not recorded in the Ministry's database. Second, payment entries often did not list the type of revenue stream (i.e. income tax, vehicle registration, etc.) that the payment reflected. The Administrator suspected but could not verify that these issues contributed to the discrepancies between the Government and the companies.

Supporting Data: The first Administrator recommended that, in future reporting periods, companies be required to submit supporting documentation

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⁷⁰ Final Report of the Administrators of the First LEITI Reconciliation, Crane White & Associates, February 8, 2009, p. 25

⁷¹ *Validation: Final Draft Report*, p. 17

⁷² Final Report of the Administrators of the First LEITI Reconciliation, Crane White & Associates, February 8, 2009, p. 25

along with the templates. This would ensure that the Administrator has access to the data necessary to reconcile discrepancies and prevent delays. In the case of the government agencies, the first Administrator recommended that the Ministry of Finance provide a printout of the database information created through company searches.

Candidate Countries would benefit from requiring a set of supporting materials, especially if associated with an organized schedule of payments. Without a complete set of the records it is extremely difficult for any part not originally involved in the Report and reconciliation to assess the accuracy of the reported figures. Candidate countries may have to consider how to respond to non-compliance by companies which fail to provide all the documents requested.

Accounting and Auditing: In the first report, reporting companies often included payments to local and national government agencies as well as third parties, payments that were not within the scope of the template.⁷³ The Administrator further noted difficulties resulting from a lack of sufficient record keeping and accounting capability within some reporting companies, especially the smaller companies.⁷⁴ All government agencies and most private companies failed to have their reporting templates attested to by auditors, and that many reports were also not attested to by management of the organization.⁷⁵ In order to address these problems, the MSSG requested the involvement of the General Auditing Commission of the Government of Liberia as the auditor for the Government Accounts.⁷⁶ The MSSG also coordinated with the Ministry of Finance to ensure that all reporting companies are audited by accredited auditing firms.

Detailed Reporting Templates: The first Administrator found that most reporting parties used the “other” heading on the revenue reporting template to report various small fees but that reporting was inconsistent.⁷⁷ Some of the companies simply did not include small fees in the reporting process because the template contained no line item, and believed the “other” category to be designated for unidentifiable payments.

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⁷³ Final Report of the Administrators of the First LEITI Reconciliation, Crane White & Associates, February 8, 2009, p. 23

⁷⁴ Final Report of the Administrators of the First LEITI Reconciliation, Crane White & Associates, February 8, 2009, p. 24

⁷⁵ Final Report of the Administrators of the First LEITI Reconciliation, Crane White & Associates, February 8, 2009, p. 22

⁷⁶ June 19, 2009 Letter from the Head of the Secretariat to the Auditor General

⁷⁷ Final Report of the Administrators of the First LEITI Reconciliation, Crane White & Associates, February 8, 2009, p. 26

Findings: The Final Report announced the Administrator's overall satisfaction with Liberia's implementation of its first EITI reconciliation. However, it revealed discrepancies in the reported revenues that the Administrator was unable to reconcile all the differences due to a lack of sufficient time and supporting data. The Administrator summarized the conclusions:

- A. The overall net aggregate discrepancy of USD 7,323 representing 0.02% of the total reported Government revenues of 29,447,339 was not material.
- B. The unresolved discrepancy of USD 162,996 with Amlib United Minerals was not material in the context of the total Government receipts of 29,447,339, however the nature of the discrepancy was material.
- C. The unresolved discrepancies on ArcelorMittal, NOCAL and Unitimber, while not material in the context of total Government receipts, were significant. The ability to follow up was however restricted because supporting data was not provided on a timely basis.
- D. The unresolved discrepancies on Afro Minerals, Ousomar Minerals and Western Mineral Resources Corporation were also not material in the context of the total Government receipts, but were material in the context of the level of Government receipts reported for these companies. The ability to follow up these differences was also restricted because supporting data was not provided on a timely basis.
- E. The completeness of the reported amounts was affected by the failure of a number of companies to lodge reports on which the MOF reported receipts totaling USD 382,235 and LD 66,300. The totals of approximately USD 30 million however represent approximately 15% of total government revenues of approximately USD 200 million.

Shortly after it was presented to the MSSG the Final Report was made available in full on the LEITI website, at the LEITI Secretariat, and 200 paper copies were produced for dissemination.⁷⁸ In addition, the Secretariat created a summary of the report that was printed into brochure and poster format for easy dissemination. Copies of these summaries were distributed to government ministries, diplomatic missions, universities, private companies, civil society

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⁷⁸ 15th Report of the LEITI Secretariat, For the Period 01/12/2009 – 02/26/2009, p. 1

organizations, high schools, political parties, NGO's, Liberian counties, and auditing firms.

Lessons Learned – The Good:

As noted in the Validation Report, steps to finalize the reconciliation should have been carried out before the release of the Final Report in order to prevent potential confusion or misplaced public distrust of the companies or government.

The first EITI reporting process will likely expose new issues and pose considerable challenges. To prevent undue delays or an incomplete reconciliation, it may make sense for the Administrator's contract to allow for time extensions with the permission of the MSSG.

The reconciliation process would be less onerous if companies provided supporting documentation, including schedules of payments, when they submitted their templates (instead of waiting to be asked for it later).

Smaller companies may require extensive training, both in filling out reporting templates and in accounting standards. EITI implementing countries should consider ways to improve accounting standards over time.

Templates should avoid ambiguous categories such as "other payments" or "miscellaneous". This leads to confusion and makes reconciliation more difficult. Even with the workshops, the Liberian private sector still did not complete the templates with consistency.

Some areas that should receive special attention by implementing countries are the specific time period for payments, the scope of payments to include (specifically to which government bodies), and whether or not accruals will be included.

Lessons Learned – The Bad:

** Ministries of Finance should ensure that companies have only one taxation identification number and that data entry of payments received specifies what the payment is for (income tax, vehicle registration, etc.)

** Poor accounting standards may be an issue for many EITI implementing countries. By clarifying the accounting requirements early in the reporting period, these shortcomings may be mitigated.

D. Internal Exercise to Investigate and Resolve Discrepancies

Liberian stakeholders decided one month after the release of the Final Report to attempt and finish the reconciliation. At the next MSSG meeting, a technical committee, comprised of the Ministry of Finance and the reporting companies, was established to investigate and reconcile discrepancies left unresolved by the Administrator's report.⁷⁹

In furtherance of its task, the members of the Technical Subcommittee contacted the companies identified in the Final Report and requested that the company send a representative with the company's reporting template and supporting data to meet with the subcommittee. Fifteen of the twenty companies responded positively. At the meetings, the MOF made its templates and supporting documentation available so that the two parties could compare payments and attempt to resolve discrepancies. If the company held a MOF receipt for payment, the receipt number was searched through the government database, and if found included in the government's template. If it could not be found, then the amount was subtracted from the company's template. Through this process the Subcommittee reported the successful reconciliation of discrepancies for fourteen of the reporting companies.⁸⁰

The final report on this exercise identified four main causes for the discrepancies:

- 1) Mis-classification: Most of the companies had difficulty classifying their payments via the template.
- 2) Inclusion of payments outside the Reporting Period: Most companies included in their reports payments that were not part of the reporting period.
- 3) Inadequate record keeping: Companies often lack proper record keeping and supporting data.
- 4) Data entry inconsistency: The Ministry of Finance database entered payments using multiple names for a single taxpayer.

The process of reconciliation led to findings of private sector non-compliance. One company, in particular, was found to owe the government over \$100,000 in back taxes and, despite acknowledging this, made no effort to cover its tax arrears. As a result, the company was suspended from the MSSG and was

⁷⁹ Minutes from the 23rd Meeting of the Multi-stakeholders' Steering Group, April 23, 2009

⁸⁰ Report of internal exercise to investigate and resolve discrepancies in First LEITI Reconciliation Report, Revenue Department Ministry of Finance, May 1, 2009, p. 1

informed that its operations would shut down its operations unless the taxes owing were paid. The MSSG demonstrated its willingness to take action against companies that failed to comply with their obligations.

After the technical subcommittee released its findings, members of civil society as well as the EITI Validator expressed concern that there had been no civil society representation involved in the internal exercise. As a result, civil society appointed several of its own members to conduct a review of the report produced by the subcommittee. Based on that review, civil society recommended and the MSSG agreed that an independent auditor be hired to resolve the remaining discrepancies as there was limited auditing capacity within civil society itself. A firm was recruited to undertake this task.

Lessons Learned – The Good:

The first lesson from Liberia's Internal Exercise to Investigate and Resolve Discrepancies is that all steps in the EITI process should be done within the multi-stakeholder setting. The lack of civil society member participation caused suspicion over the validity of the subcommittee's findings and delayed acceptance of the report's findings.

To address the issue in future, the Report recommended (a) workshops for financial officials, reporting companies and other stakeholders before the next reconciliation; (b) improving the template; and (c) holding quarterly reconciliations between the Ministry of Finance and reporting companies. It was later decided by the MSSG that quarterly reconciliations would be too onerous but this might be an option worth considering by other countries.

The Report also suggested improving the Ministry of Finance database to ensure that each company had a unique taxpayer identification number, all payments are entered into the system using this number; and company information is entered in full, including with contact information.

VI. CONSOLIDATION AND ISSUES OF SUSTAINABILITY

A. EITI Validation

Validation Process: Liberia, from the outset, was keen to validate and become EITI compliant as quickly as possible. The Liberian MSSG and Secretariat acted proactively to engage the Validation process, reaching out to the International Secretariat and drafting Terms of Reference even before the Administrator for the first Reconciliation Report had been hired. This early action was suggested by the Secretariat out of concern that contracting a Validator would be difficult given the limited number of firms approved by the International Secretariat and the large number of Candidate Countries.⁸¹

The Validator was contracted in early 2009 and, following a thorough documents review, visited Liberia from April 13-25, 2009. He met extensively with stakeholders and the information provided during face-to-face meetings was augmented by self-assessment forms sent out to all companies known to be involved in the relevant sectors. He presented an initial draft of his findings to the MSSG before his departure from Liberia. The draft was discussed at two subsequent MSSG meetings and comments/additional information was provided to the Validator, in particular relating to the First Reconciliation Report.

The Validation process strengthened EITI implementation in Liberia. It provided a valuable venue for stakeholders to share insights and express concerns regarding EITI implementation including the administration of the first LEITI Reconciliation Report. The Validator was an independent voice, both commending Liberia's implementation of the EITI while encouraging the MSSG to seek further verification of the reconciliation process beyond the internal exercise.

At the time Liberia entered into the EITI process Validation was not a requirement of Candidate Countries and therefore was not included in the costed work plan. Since an additional requirement of the Validation process was that the Candidate Country must fund the inquiry on its own, Liberia was forced to find the funds for the report from the Government budget.

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⁸¹ Minutes from the 14th Meeting of the Multi-stakeholders' Steering Group, July 5, 2008

Validation Report Recommendations: The Validation Report found that Liberia had met all of the EITI indicators and was EITI compliant. However, it required that LEITI implement the following:

- In connection with the first report, the MSSG must at a minimum have an independent third party auditor confirm the findings of the Ministry of Finance in the internal reconciliation process and commit to the reconciliation of all discrepancies in future reports. The Validator noted that, “there is an absolute and unavoidable conflict of interest in assigning the responsibility of reconciling government revenue and private sector payments within LEITI to a ministry that is itself reporting government revenue through LEITI.” This was done and an independent firm completed the work.
- Ensure that the AmLib discrepancy (AmLib had failed to pay over \$100,000 in taxes) was an isolated incident.⁸²

In addition, the report made a number of suggestions, including:

- Widening the MSSG to include smaller mining and logging operations to better reflect the interests of these smaller companies;
- Inviting the General Auditing Commission (“GAC”) and the Liberian Anti-Corruption Commission (LACC) to participate in the MSSG;
- Shifting the emphasis in future reporting cycles from awareness raising to advocacy and feedback, especially in rural communities (Civil society organizations need to be evaluated to determine which are the best positioned to advocate and facilitate feedback);
- Encouraging the inclusion of mining brokers and dealers in future reporting cycles.

Only one of these suggestions was readily taken up the MSSG. Brokers and dealers are now included in EITI Reports. On expanding the MSSG, the LEITI Secretariat was concerned that a larger group might make the MSSG more difficult to manage and consensus harder to achieve. There was concern that including the GAC and the LACC in the MSSG would undermine both organizations’ independence, or the appearance of independence. On the issue of shifting the emphasis to more advocacy and community feedback, civil society organizations are very interested in moving in this direction. It is less clear, however, whether the MSSG feels that it is the right time for this.

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⁸² *Validation: Final Draft Report*, p. 31-32

EITI Secretariat/Validation Committee Feedback: The EITI Secretariat and the Validation Committee provided feedback on the Draft Validation Report, seeking more information about those areas where the LEITI process seemed to deviate from the strict requirements of the Validation Guide. Specifically, the EITI Secretariat requested that the final Validation Report provide additional information on ensuring future audits would be in line with international standards and noted that the MMSG needed to have a clear definition of materiality.⁸³ Following clarifications, the Validation Report was finalized and the Validation Committee of the EITI reviewed the final report, recommending to the International Board that Liberia be found in compliance with the EITI. At the October, 2009 Board Meeting, Liberia became the second EITI Compliant Country.

Lessons Learned – The Good:

In addition to being a requirement of the EITI to ensure that EITI compliance is consistent and meaningful, validation can provide Candidate Countries with an independent and dispassionate review of their progress and ideas about how to move forward to improve EITI implementation.

To help promote mutual learning among Candidate Countries, Validators should explicitly recognize best practices in their reports. This was not done in the Liberia report.

Candidate Countries that lack the capacity to ensure that all reporting parties are audited to international standards for their first reports should prepare a plan prior to Validation that outlines how this will be achieved in future.

Candidate Countries should develop guidelines on materiality prior to the first report.

B. Sanctions for Non-Compliance

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⁸³ #12 - Has the government ensured that company reports are based on audited accounts to international standards?

#13 - Has the government ensured that government reports are based on audited accounts to international standards?

Like other EITI implementing countries, Liberia had to consider how to respond to non-compliance. In Liberia's case, this included non-compliance with the reporting requirements as well as the failure to pay taxes owed, following the reconciliation process.

The MSSG began its consideration of this issue when it became clear during the first reconciliation process that some companies had failed to report. This was prior to the passage of the LEITI Act, and members of the MSSG were acutely aware that sanctions might not withstand a legal challenge. Following efforts to reach out to companies to encourage them to report, the MSSG took the bold decision to publish the names of the non-compliant companies in the local media. This resulted in some companies coming forward with their reports, including one company previously not on the list of EITI reporting companies and unaware of the reporting requirement.

Following efforts to by the Ministry of Finance and certain companies to complete the unfinished First Reconciliation, it was found that a major corporate player, AmLib, owed over \$100,000 in unpaid taxes. The company accepted this finding, but made no move to pay its back taxes, despite several requests. AmLib was a member of the MSSG so, in this instance, the MSSG took the decision to suspend AmLib until such time as it paid its taxes.

These early efforts to address non-compliance demonstrated to the private sector that the MSSG was not going to ignore cases of non-compliance. On the contrary, it was prepared to take whatever action it could legally, should efforts to use suasion with non-compliant companies be unsuccessful.

With the passage of the LEITI Act, the MSSG was given robust statutory powers to impose sanctions for non-compliance. Specifically, the Act gave the Multi-Stakeholders Steering Group the powers "to determine the sanctions to be applied against any company and/or agency of government failing to submit a report required by the EITI, or otherwise comply with the requirements of LEITI".⁸⁴

Following the passage of the Act, the MSSG set up a sub-committee to draft a LEITI policy on non-compliance. The policy puts in place a "Regime of Progressive Sanctions" to be used only after the MSSG had made "repeated

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⁸⁴ LEITI Act 6.3.h

appeals to comply”.⁸⁵ Specific sanctions included (a) a demand to comply; (b) public censure (publication of non-compliant companies in the local media); (c) a notice to affect operations; and (d) legal action to suspend license and/or operations. The notice to affect operations was, in effect, a final warning that suspension of activities would be the next step should the company not bring itself into compliance with LEITI requirements.

Many members of the MSSG were concerned about the imposition of sanctions and wanted to move cautiously. Other members, more specifically civil society representatives including the Head of the Secretariat, argued strongly in favour of a sanctions policy to remove ambiguity and to meet the LEITI’s statutory responsibility under the LEITI Act. The issue was discussed over several board meetings and advice sought – but not received - from the Ministry of Justice and the Liberian National Bar Association, prior to its adoption in November 2009.

Lessons Learned - The Good:

Even without specific legislation, EITI implementing countries can take steps to address non-compliance. The publication of the names of non-compliant companies can be a powerful motivator for companies to report.

However, a specific law giving the MSSG the powers to sanction companies, up to and including the suspension of their operations, is a best practice and should be strongly encouraged in EITI implementing countries. Such a law can give “teeth” to local implementation of the EITI, as is the case in Liberia.

As is the case in Liberia, MSSGs should have a written policy on sanctions that is clear enough to be used consistently when dealing with non-compliance. Progressive sanctions are a fair and sensible approach.

MSSG members must be in “good standing” and their commitment to EITI must be clear. When a member is non-complaint with the EITI, as was the case with one Liberian company, membership in the MSSG should be suspended.

C. Second Reconciliation

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⁸⁵ Minutes of the 30th Meeting of the LEITI Multi-Stakeholders’ Steering Group, November 12, 2009

The second process was launched in 2009, even as discrepancies in the first report were still being reconciled. It included the agriculture sector plus pit sawyers and diamond and gold brokers in reporting for the first time. The report was completed in February, 2010.

The MSSG approved the Request for Expression of Interest and it was published widely in Liberia. Five firms responded and their applications were evaluated by a team that included the Project Financial Management Unit of the Ministry of Finance. The evaluation was sent to the World Bank for “no objection” approval. There were delays by the World Bank in providing this approval, which pushed the commencement of the second report to September, 2009.

Among the first tasks of the Administrator was the review of the template. He suggested improvements to make it more “both comprehensive and comprehensible”. The template was circulated for comments to the Government and each of the companies in the database before being submitted to the MSSG for approval. The Administrator then held two workshops with the private sector to clarify how the templates should be completed.

Reporting companies were required to provide disaggregated data, have their submissions signed by an authorized officer of the company, and provide a signed attestation by an external auditor that the report was accurate. For its part, the Government was required to ensure that its submissions were signed by the head of the reporting agency or ministry and attested to by external audit.

While the process ran more smoothly than the first reconciliation, the two reporting processes were hampered many of the same issues. The government database of reporting taxpayers did not capture all of the companies required to report. The Administrator had initially been given a list of 48 companies but by the end of the process, there were 72 companies reporting. It was noted that some of the companies (for example, junior mining companies) had “no fixed address... other than a registered address which may just be a PO Box”, something echoed during the first process when it was recommended that the Ministry of Finance enter company contact information in its database when taxes are paid. Deadlines for the submission of templates were not respected. The Administrator also experienced difficulties getting supporting documentation from companies. Few companies initially sent in their schedules of taxes paid or receipts and few had their templates verified by an independent auditor. By the end of the process, the

Administrator managed to get receipts from the majority of reporting companies but the process was onerous and frustrating.

One of the innovations in the second report was the addition of a column on the company templates for “amounts payable” with a corresponding column in the Government template to note “amounts due”. It was felt that including this column would distinguish the revenues paid from those that were due but remained unpaid. In addition, there was a line item in the templates for withholding taxes.

Both of these innovations posed challenges for the Administrator. Many companies apparently found the “amounts payable” line confusing and it was decided with the agreement of the Head of the Secretariat, that the Administrator would not attempt to reconcile the amounts payable with the Government’s amounts due line item. The Administrator reported enormous difficulty in trying to reconcile withholding taxes and recommended that this line item be dropped from future templates. The MSSG decided to include amount due in the third report. It was part of the Term of Reference for the Reconcillers and will be a new feature in Liberia’s third Reconciliation report- a potentially new milestone for Liberia.

In its first review of the information from the government and the private sector, the Administrator noted an enormous overall 36% discrepancy in revenues. Following the reconciliation process, the Administrator was able to reduce this to 0.4% of revenues, of USD 144,995. Discrepancies arose, the Administrator felt, because many companies completed the templates hastily and included in the templates payments made outside the scope of the LEITI (payments to local governments, for example). In addition, there appeared to be a lack of coordination between the Ministry of Finance in the capital and its offices in other locations. It required considerable effort by the Administrator, including numerous face-to-face meetings, to reconcile the data.

There was also still some failure by companies to report. Seven companies did not submit their templates. The MSSG instructed the Secretariat to apply the progressive sanctions regime. As a result of continued non-compliance, one of the companies was fined, while another had its license suspended.

Lessons Learned – The Good:

Commercial agriculture can be included in revenue transparency reporting under the EITI. Of the problems noted by the Administrator, there were none related to the inclusion of this sector.

Expanding the templates to include, for the private sector, an “amounts owed” column and, for governments, an “amounts due” column and trying to reconcile the two could throw some light on unfair or unequal tax treatment by the state and places an additional pressure on companies ensure that they are not in arrears. It was difficult to reconcile in Liberia’s first attempt, but is worth a second try.

It has proven difficult in Liberia to stop the private sector from disclosing payments to other levels of government and to social improvement projects. Providing opportunities for this information to be disclosed in an annex or footnote to the templates is a reasonable accommodation.

D. Full Implementation of the LEITI Act

The LEITI Act is the backbone of the EITI process in Liberia and sets LEITI’s functions and mandate. In setting out the Government’s expectations for LEITI implementation, it has given LEITI a role that extends far beyond revenue transparency.

The Act lists three main objectives of LEITI, namely to ensure that “the country’s mineral and other resources are (1) verifiably paid or provided; (2) duly accounted for; and (3) prudently utilized for the benefits of all Liberians and on the basis of equity and sustainability.”⁸⁶ According to the Act, the latter objective is to be achieved by, *inter alia*, promoting better public understanding of “the benefits of transparent and prudent resource governance”⁸⁷ and by facilitating “discussion and adoption of appropriate policies for fair sharing of the benefits accruing from exploitation of natural resources...”⁸⁸

The Act, in effect, makes the link between resource revenue transparency and the spending of those revenues for the development of the country and give responsibility for both to LEITI.

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⁸⁶ LEITI Act 3.1

⁸⁷ LEITI Act 3.2.e

⁸⁸ LEITI Act 3.2.h

The Act also requires transparency over all material payments “due from and/or made by extractive companies to all agencies and levels of the Government of Liberia”⁸⁹

Current efforts in Liberia focus solely on payments involving the national government. The MSSG reasonably feared that, by extending LEITI reporting to local levels of government in all 15 counties of Liberia, the task of reconciliation would be too complicated. The private sector, on the other hand, has been arguing for several years for the inclusion of all payments. Companies reasonably argue that Liberians should have a full picture of the payments made by the private sector to all levels of government. To accommodate the private sector’s view and to promote transparency, LEITI agreed that companies could submit information on payments to local governments in an annex. The information could be made public but no reconciliations would be done.

As EITI implementation is consolidated in Liberia, and as the reporting process becomes regularized and less onerous, the MSSG should consider what steps it could reasonably take to extend EITI reporting obligations to other levels of government. As an alternative – one that has already been discussed by the MSSG – the Government of Liberia could require all local payments be channeled through the Ministry of Finance so that this information is captured in EITI reporting.

In addition, the LEITI Act gives LEITI statutory responsibility to:

- “serve as one of the national depositories of all concessions, contracts, and licenses and similar agreements and rights granted by the Government of Liberia...”⁹⁰;
- to conduct audits and investigations including “of the process by which each material concession, contract, license, and other rights is awarded by the Government in respect of forestry, mining, oil, agriculture and other designated resource sectors of Liberia in order to determine that each ... was awarded in compliance with applicable Liberian laws”⁹¹

The LEITI maintains an extensive on-line database as required by the Act but, to date, has not conducted any review or audit of concessions to ensure that the process was in accordance with the law.

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⁸⁹ LEITI Act 3.2.a

⁹⁰ LEITI Act 4.1.f

⁹¹ LEITI Act 4.1.3.i.i

The MSSG's focus on revenue transparency in its early work, particularly given the capacity and other challenges it met in preparing for EITI Validation, was realistic and practical. As Liberia has demonstrated in its step-by-step approach to increasing the sectors and companies completing reporting templates, it is sensible to move forward progressively. As LEITI moves forward, however, it will be incumbent on the MSSG to meet the expectations set out in the Act and to play a greater role in Liberian resource governance.

The MSSG will also need to address the issue of financial sustainability. International donors will not fund LEITI indefinitely (although they seem prepared to continue for the near- to mid-term). The LEITI Act calls for the Liberian legislature to fund the LEITI, but does not include explicit requirements regarding the quantity of funds or the manner/timing of disbursement. Working with the Executive, the MSSG will need to consider how funding for LEITI can be put on a sustainable footing.

Lessons Learned – The Good:

“EITI ++” is possible where there is the political will, as is the case in Liberia. Unlike EITI implementation, there are no internationally-recognized guidance documents like the EITI Validation Guide and no International Secretariat to assist countries to expand transparency to other parts of the value chain. Therefore, as Liberia implements the LEITI Act, it could usefully provide its lessons learned to other governments.

Lessons Learned – The Bad:

** The LEITI MSSG has broad responsibilities under the LEITI Act and should begin to consider how it will implement its responsibilities to ensure concessions meet Liberian legal requirements, all material payments (including those made at the local level) are captured in EITI reports, to consider the prudent use of resource revenues for development.

** Funding issues can derail EITI efforts. This type of uncertainty has been cited by other countries as a source of delay in their EITI implementation.⁹² Liberia, like all implementing countries, needs to develop a strategy to ensure sustainable funding for EITI implementation.

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⁹² *Eye on EITI*, Revenue Watch International, p. 18-19

E. Why EITI? Demonstrating the Benefits

On a political level, the EITI in Liberia has enjoyed considerable Presidential support. However, there has not been a shift in the political landscape since the LEITI process began. Some stakeholders have voiced concern that the process is vulnerable to a change in political will. To protect the LEITI, Liberia will have to deepen popular understanding of and support for the EITI process. This can only be achieved when individuals and communities in Liberia see the benefits of revenue transparency.

The discussion of how to demonstrate the direct benefits of revenue transparency is in its early stage. More needs to be done to quantify the benefits of LEITI in concrete and understandable terms. The MSSG should prepare a brief, easy to read document on the results of the LEITI for the media and to use during public events. The document could include the total amount of taxes collected as a result of the reconciliation processes.

The LEITI Secretariat and the MSSG were involved in an ambitious program of outreach to disseminate the first and second reports. For example, in 2010, townhall meetings to discuss the second report were held in all 15 Liberian counties. There have been consistent reports that citizens, even in rural areas, can easily grasp the potential of revenue transparency for reducing corruption, but may not understand how LEITI reports can be effective in this regard. The Second LEITI Report, for example, was 112 pages long, written in professional language and included financial tables. This puts the information in the reports beyond the reach of many Liberians.

One way to make the information in the reports more accessible to Liberians would be to produce county-specific briefs following each national report. These briefs could provide a snapshot of information of interest to local communities, such as what revenues were paid by companies in their communities to the national government and what the company claimed it had paid to local levels of government. It could also include information from the concessions database, providing citizens with a summary of the relevant aspects of concession agreements in their regions. As was the case with the communications campaign, the language in the briefs would have to be simple and targeted to the local community. Graphics and cartoons might also be used to make the information more comprehensible.

This information would provide communities with the information needed to begin a discussion of how they would like to see the revenues used. In turn, this would help LEITI to meet its statutory obligations to consider and advise on the prudent use of resource revenues. Most people care less about revenue transparency *per se* than they do in ensuring that their natural resources are used for the benefit of all citizens. Making the link between revenue transparency and revenue use makes the benefits of EITI clearer.

These county-specific briefs could also include the information provided by companies on their payments to local governments. This would allow local communities, if they wished, to hold their local governments to account for those resources and to seek information in EITI reports and to request information about how those funds have been spent.

The LEITI Act gives the MSSG responsibility for ensuring that resource revenues are spent for the benefit of all Liberians. The MSSG could organize a series of townhall meetings with local communities to explore how citizens direct affected by mining, forestry and commercial agriculture would like the funds to be used. The results of these consultations could be reported back to the Executive for consideration.

The Liberian media might be an ally in a strategy that would explain the benefits of the EITI to local citizens. The value of media campaigns was proven during the early stage of EITI implementation. Holding a workshop for journalists and designing a second media campaign might both be effective at getting the word out.

Lessons Learned – The Good:

While few EITI implementing countries outside Liberia have the mandate to look at how resource revenues are spent, all should consider ways to increase citizen awareness of the benefits of revenue transparency.

One benefit of EITI implementation is that it may uncover “tax cheats”, allowing a government to receive the taxes it is owed. EITI implementing countries should keep a tally of these amounts and use this information when explaining why the EITI is important.

When completed, the work of the International Secretariat and Board to

incentivize the benefits of EITI implementation could be helpful in that regard. Recommendations coming out of that process on outcome indicators, in particular, might be useful.

Lessons Learned – The Bad

** EITI reports are often written in professional language and/or use financial tables to explain the findings. Efforts to distill those reports into simple language are needed to ensure that the information is accessible to a wide audience.

F. Managing Transition

The LEITI Secretariat enjoyed a very stable first three years of operation. It had a very capable head, Mr. Negbalee Warner, and deputy head, Mr. Edward R.A. Smith. In a report done by Green Advocates in 2009, it credited the stability within the Secretariat as one of the factors that enabled Liberia to implement the EITI so quickly.⁹³ In December, 2009, Mr. Warner announced that he was resigning from LEITI. He was willing to stay on until a suitable replacement could be found and, in addition, to ensure a smooth transition, he agreed to become a consultant to advise the incoming chair.

The MSSG, which has the responsibility for hiring and firing the head of the Secretariat, set up a committee to handle the hiring process. The process to find his replacement was lengthy and contentious. After interviewing candidates for the position, including the Deputy Head, all but one member of the committee recommended appointing one candidate, Sayon Henry Yaidoo. This recommendation went forward, despite the lack of consensus, and Mr. Yaidoo was hired.

The new Head took up the position in August 2010, attending his first MSSG on August 4th. By December, the Deputy Head of the Secretariat had written an extraordinary letter to the Chairman and Co-Chairman of the MSSG to complain about the Head, especially an alleged lack of transparency in decision-making and an alleged management style that left staff feeling demoralized and disrespected. The Deputy Head complained that he was kept out of the loop on important issues. Within his first four months in the position, the new Head had

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⁹³ Lessons Learned – Implementation of the Extractive Industries Transparency Initiative in Liberia 2006-2009, Green Advocates

apparently suspended two staff members. He was also accused of failing to submit new reporting templates to the MSSG for approval before authorizing their use.

The MSSG did not include the Head's job performance or the letter from the Deputy Head at its January or February meetings. The Chairman of the MSSG instead began to try to unravel what was going on at the Secretariat, visiting the Secretariat in an attempt to resolve the crisis. It appeared clear that the Head and Deputy Head were mistrustful of each other and that staff morale was, indeed, low. However, the Chairman's personal intervention did not succeed in resolving the crisis. At the February MSSG Meeting, the Deputy announced his resignation, citing personal and professional reasons

It is common for incoming heads to want to put their own stamp on an organization. This has the potential to reinvigorate an organization, as a new head brings his attributes and enthusiasm to the job. It can be challenging for incoming heads to win the trust of staff used to doing things in a different way. However, when a head begins to suspend staff within months of his assignment, this does not reflect well on his management style.

The LEITI Secretariat handles the day-to-day administration of LEITI. It is a small organization with an enormous task at hand. If it is not able to function effectively, the consequences for EITI implementation in Liberia will be enormous. It is in the midst of an ugly transition and the MSSG needs to step in, determine what is going on within the Secretariat, and take effective action quickly.

Lessons Learned – The Good:

The powers given to the MSSG by the LEITI Act to hire and fire the Head and Deputy Head of the Secretariat allow it to take action quickly, if it wishes.

Lessons Learned – The Bad:

** There should be consensus within a hiring committee before an appointment decision is taken.

Lessons Learned – The Ugly:

** The MSSG had every reason to assume that the transition at the Secretariat

would go smoothly. Committed staff, an outgoing head who was prepared to lend a hand, and an experienced Deputy were all in place. They learned that transition periods can turn sour very quickly.

** The MSSG has not yet stepped in firmly to fix the situation. Letting it continue to fester is not an option. It should form a committee including all three stakeholder groups to examine what is taking place within the Secretariat. The committee should then conduct structured interviews with the new Head, former Head, Deputy and administrative staff, then report their findings to the MSSG.

** During MSSG discussions on the Secretariat transition, staff from the Secretariat should not be present. All members of the MSSG should undertake to keep those discussions confidential.

G. Responding to the Auditor General's Report

In late 2010, the Liberian Ministry of Finance requested that the Auditor General (GAC) review the government templates for the fiscal year 1 July 2009 to 30 June 2010. The Ministry of Finance wanted the GAC to check whether all the revenues, fees and taxes reported in the templates had been collected and all receipts promptly deposited with the Central Bank of Liberia. This initiative was an effort to meet the EITI criteria that templates be independently audited as well as to provide the Ministry of Finance with assurances that revenues owed to the state were being assessed and collected promptly. Specifically, the audit's objectives were to attest that:

- Assessments were made on the tax obligations of companies and other entities within the extractive industry by respective supervising ministries/agencies and these assessments are subsequently verified by an independent body to provide assurance on the validity of those assessment.
- Assessment of tax obligations made were duly paid and that these payments were properly acknowledged by Official Flag Receipts.
- Payments made by extractive companies were promptly deposited at the Central Bank.
- Supervising ministries/agencies maintained receipts of payments made.

The methodology for the audit was simple. The GAC requested the reporting templates from the relevant government ministries and agencies, as well

as a copy of the Tax Administration System data on collections and bank statements on revenue deposits at the Central Bank. The data was reconciled and, where reconciliations were challenging, the GAC worked with the Ministry of Finance to rectify the accounts or note the deviations.

Disturbingly, the Ministry of Lands, Mines and Energy and the Ministry of Agriculture did not cooperate with the audit, refusing to provide the GAC with their templates and the other documentation requested. The two ministries' contemptuous disregard for the audit process cannot but raise questions about whether they are trying to hide something from scrutiny. Two other entities – the National Oil Company of Liberia and the Forestry Development Authority – submitted templates but without substantiating documents. Only the Ministry of Finance cooperated fully with the GAC.

Without having access to all the relevant documentation, the Auditor General was unable to complete the audit and could not fully meet any of the four objectives noted above. In his report, he noted that failure of key ministries/agencies to “submit [their] templates on the assessments for review constitutes a significant control deviation which could be exploited to the detriment of the Government of Liberia”. He went on to note that there could be a disconnect between the Ministry of Finance and the relevant ministries/agencies, leaving the Ministry of Finance unaware of payments owed by some concessionaires.

The report, which was published in February 2011, has shaken the confidence of civil society in the Government's commitment to the EITI and to the broader issue of resource governance. Coming on top of the messy transition within the Secretariat, it is clear that LEITI is entering a new, critical period and that its sustainability cannot be taken for granted.

Lessons Learned – The Good:

Audits by a credible Auditor General can uncover issues of significance for EITI implementation. Recommendations by the Auditor General can strengthen the process.

Lessons Learned - The Ugly:

** Vested interests may be more threatened by an audit in line with international

standards. In Liberia's case, the Ministry of Agriculture, Ministry of Lands, Mines and Energy, Forestry Development Authority and NOCAL cooperated with the EITI reporting exercises. However, when faced with a more comprehensive audit, they responded by obstructing the process.

** The MSSG must insist that the ministries/agencies cooperate fully with the Auditor General. It must warn the political level within Liberia, including legislators, of the significance of the Auditor's report and its potential to undercut Liberia's tremendous achievements in resource governance.

** It is a clear conflict of interest for the Ministry of Lands, Mines and Energy to continue to co-chair the MSSG when his Ministry has not complied with the audit. The MSSG should either suspend the MLME member or insist that he recuse himself from all discussions of this issue within the MSSG.

VII. CONCLUSION

Liberia moved swiftly to implement the EITI and, despite having joined the initiative only in 2007, in October 2009, became the second country to be designated EITI compliant. The success of Liberia's EITI implementation has been recognized by stakeholders at every level, as well as by the interested international community. Stakeholders credit strong leadership, serious stakeholder commitment, and support from international partners as the most important factors in facilitating this success. These factors overcame the difficulty caused by the need for increased capacity across all stakeholders – although there remains the need for further capacity building and sustainability measures. The consistent pressure for implementation and validation helped prevent Liberia from facing the delays seen in other Candidate Countries, especially those resulting from changes in the government from elections, reappointments, etc.⁹⁴ Civil society stakeholders have noted the willingness of civil society and government to work together and compromise, especially when faced with unexpected challenges, as another key factor in the success of the initiative. Civil society's membership on subcommittees, organization of capacity building events, and other substantive contributions helped build faith among the other stakeholders in the ability of civil society to act as an equal member of the MSSG.

Liberia has now entered a post-Validation period of consolidation. Following the publication of the first and second reports, Liberia could point to a direct benefit of EITI implementation – the recovery of revenues owed to the state. Both reports uncovered revenues owed to the Government of Liberia, revenues which were subsequently paid. Yet, this consolidation phase has its challenges. The rocky transition from the first head of the Secretariat to the second is a major issue that, so far at least, the MSSG seems to be largely ignoring. The tapering off of communications with Liberians – as exemplified by the out-of-date website – does not bode well for the future of EITI implementation. In addition, the GAC audit has uncovered some disturbing findings. This is clearly not the time for Liberia to “rest on its laurels”, as this period is no less challenging than the initial start-up phase.

Nonetheless, for the international transparency community, it is clear that the LEITI has demonstrated that “EITI +” is possible and beneficial. EITI + has been variously described as an expansion of revenue transparency into other sectors and an expansion of transparency into other parts of the resource value

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⁹⁴ “Implementing the Extractive Industries Transparency Initiative”, World Bank, p. 43

chain. Liberia has gone beyond EITI requirements in both areas, including forestry and commercial agriculture in its revenue reporting and publishing publish concession agreements on the LEITI website, bringing transparency to an area normally cloaked in secrecy. If Liberia, following 14 years of civil war and given its capacity constraints, can do this, then it is a realistic goal in other countries as well. Yet, beyond passively permitting Liberia to implement the EITI in its own way, the International Board has not directly addressed whether it could or should branch out and begin to actively support “EITI +” implementation in other countries. As the International Board moves into its own transition period, with the replacement of its Chair, it may wish to consider what Liberia’s example could mean for the EITI.

Appendix 1 – EITI Selected Bibliography

Drilling Down: The Civil Society Guide to Extractive Industry Revenues and the EITI, Revenue Watch International, Edited by David L. Goldwyn

EITI Guide for Legislators, Revenue Watch International, Alison Paul DeSchryve with John Johnson, 2009

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Shultz, Jim. *Follow the Money: A Guide to Monitoring Budgets and Oil and Gas Revenues*, Open Society Institute, 2005.

Revenue Watch International Country Profiles: <http://www.revenuwatch.org/our-work/countries/index.php>

Appendix 2 – LEITI Documentation

Presidential Proclamation: <C:\Users\Brownell\Documents\Green Advocates www.greenadvocates.org \Liberia\Liberia - EITI\LEITI Legal Documents\Liberia - EITI - 2008 09 - Presidential Proclamation.pdf>, <http://www.leiti.org.lr/content.php?sub=96&related=62&third=96>

LEITI Memorandum of Understanding: <C:\Users\Brownell\Documents\Green Advocates-www.greenadvocates.org \Liberia\Liberia - EITI\LEITI Legal Documents\LEITI MOU .doc>, <http://www.leiti.org.lr/content.php?sub=96&related=62&third=96>

Costed Work Plans: <C:\Users\Brownell\Documents\Green Advocates-www.greenadvocates.org \Liberia\Liberia - EITI\LEITI Organizational docs\Liberia - EITI - 2007 10 - Costed Work Plan.pdf>, <http://www.leiti.org.lr/content.php?sub=96&related=62&third=96>

LEITI Policy Note : <http://www.leiti.org.lr/content.php?sub=96&related=62&third=96> or www.greenadvocates.org

Resolution on Validation and Adoption of the Extractive Industries Transparency Initiative in Liberia (LEITI): <http://www.leiti.org.lr/content.php?sub=96&related=62&third=96> or www.greenadvocates.org

LEITI Act: <C:\Users\Brownell\Documents\Green Advocates-www.greenadvocates.org\Liberia\Liberia - EITI\LEITI Legal Documents\Liberia - EITI - 2009 06 - Act.pdf>, <http://www.leiti.org.lr/content.php?sub=96&related=62&third=96>

Reporting Templates: <C:\Users\Brownell\Documents\Green Advocates-www.greenadvocates.org \Liberia\Liberia - EITI\LEITI Reporting Templates>, <http://www.leiti.org.lr/content.php?sub=96&related=62&third=96>

GAC Audit: www.gacliberia.com/documents/leiti.pdf , <http://www.leiti.org.lr/content.php?sub=96&related=62&third=96>

Additional LEITI Information:

<C:\Users\Brownell\Documents\Green Advocates-www.greenadvocates.org \Liberia\Liberia - EITI\LEITI Organizational docs\LEITI Brochure.pub>

<http://www.leiti.org.lr/content.php?sub=96&related=62&third=96>

<C:\Users\Brownell\Documents\Greenadvocates-www.greenadvocates.org \Liberia\Notes\Green Advocates Generally\LEITI Capacity Building for CSOs-Presentation by Green Advocates.ppt>

About US

Green Advocates is a non-profit, human rights organization working to advance a wide range of issues through: legal aid, consultation and support for environmental and human rights violations; the development of context-specific programs to empower poor rural communities to participate in national debates; the drafting and enactment of appropriate legislations on good governance; the promotion of transparency and accountability in governmental activities; and assistance in the strengthening and enforcement of existing human rights standards. Our programs and research findings serve as a platform that enables national government to focus on real needs of the Liberian people and then allow her target resources where they are most needed.

Accreditation: Founded in 1997 by Alfred Lahai Brownell then a law student attending the Louis Arthur Grimes School, in Monrovia, Liberia, Green Advocates was formally incorporated and accredited by the Government of Liberia in 2000. Green Advocates is Liberia's first and only public interest environmental law and human rights organization working to develop and implement innovative programs that protect underserved communities through law and environmental advocacy.

Institutional capacity: We have the experience in working across diverse communities and a capacity to engage with all decision makers and other stakeholders on issues of transparency and accountability in Liberia. We believe fighting abuses in Liberia, and elsewhere, require a highly skilled workforce. Therefore, greater priority is placed on intensive internal and external capacity building for staff members.

Unlike many other institutions in Liberia, interns are encouraged from the University of Liberia, and other degree granting institutions to stay at Green Advocates while working toward their degrees. During this period of internship and capacity building, they are given stipend to assist in the payment of transportation and tuition. Upon graduation, interns, who by then have had their competences built, are then fully employed.

Overseas interns are also encouraged to help with the campaigns at Green Advocates. Their presence is always a learning experience that inspires us to strengthen and accomplish our total commitment to giving voices to historically under-represented communities in Liberia.

Solidarity Actions and Networking: We articulate a shared commitment in shaping a generation of civil society activists; local community leaders and policy makers who will help address the pressing challenges in the new Liberia. To achieve this, we promote solidarity actions against the excesses of the Liberian state and other actors. Green Advocates founded and presently served as hosts to three national networks, Publish What You Pay Liberia coalition, the Civil Society Budget watch Network and the Alliance for Rural Democracy to convene rights groups and local community based organizations to press for transparency and accountability in the management of Liberia's economy and its natural resources.

We are a founding member of the Publish What You Pay Liberia Coalition which is comprised of 18 lead civil society organizations seeking public disclosure around financial transaction in the extractive sector in Liberia. The Publish What You Pay Coalition successfully campaigned for Liberia's entry into the Extractive Industry Transparency Initiatives (EITI). PWYP led by Green Advocates campaigned for Liberia to be the first country to pilot forestry and Agriculture under the EITI which has only focus on oil, gas and mining.

Nationally, we have strong partnerships with the Environmental Protection Agency (EPA) of Liberia, the Forestry Development Authority (FDA), the National Bar Association, the Liberia

Marketing Association, youth and students groups, women groups, labor unions, and churches. International partners include The Funds for Global human rights, Rights and Resources Initiative, Partnership Africa Canada, Partnership for Transparency Fund, Global rights, Global Witness, Green Peace, Environmental Law alliance worldwide, World Resources Institute, ESCR Net, PWYP International, Kimberly Process Civil society coalition, Institute for Policy Study, Revenue Watch Institute, the Environmental Law Institute and the United States Forest Service among many others.

Audits: Green Advocates leads by example. The organization commissions an independent annual audit of its accounts and financial transactions.

Governance Structure:

Green Advocates is overseen by a five-member Board of Directors which approves its program operations and budgets. It is managed and operated by a Secretariat comprising of the Senior Campaigner, program coordinator and several programs associates, the Finance and Administrative Officer and other field coordinators. Linked to this are series of community based organizations, local partners and pro poor informal sector entrepreneurial organizations.

The Secretariat coordinates the various Programs which are overseen by a lead Campaigner with, occasional, support from the rest of the staff whenever the need arises [in events such as holding indoor programs, field works, etc.]. The biggest Program remains the Community Rights Program which has offices, with independent Managements, in communities with widespread human rights abuses