

## Table of Contents

Acknowledgement.....	1
Concessions Map of Liberia.....	2
Acronyms.....	3
Background/Introduction.....	5
Executive Summary.....	6
I. Assessment of Performance against Work Plan.....	8
II. Assessment of Performance against EITI Requirements.....	16
III. Overview of Response to Previous Recommendations.....	22
IV. Strengths and Weaknesses Identified in EITI Process.....	22
V. Total Implementation Cost.....	24
VI. Details of Membership of the MSG during the Period.....	25
VII. MSG Signature.....	27

## Acknowledgement

The LEITI MSG extends profound gratitude to all stakeholders of the EITI process who worked collaboratively and assiduously to ensure the achievements outlined in this Report.

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

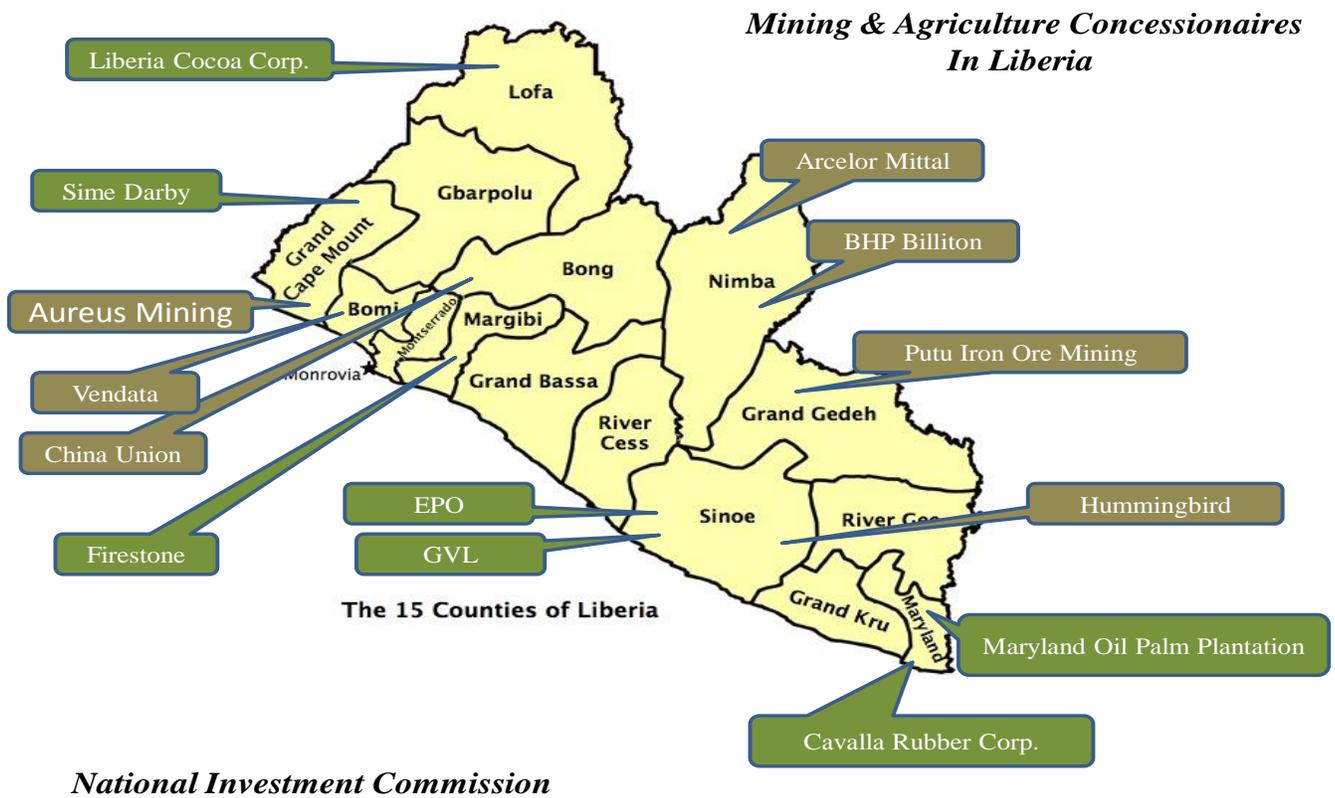
Ordinary Liberians continue to be crucial to the EITI implementation process in Liberia. Their contributions and feedbacks particularly during our nationwide dissemination exercises, have led to many valuable reforms aimed at improving resource governance process in Liberia.

The LEITI could not have easily navigated its EITI implementation path to the current level of achievement without the support of the EITI Secretariat, through its Regional Office for Anglophone Africa. Their valuable support, which sometimes came in the form of training and/or guidance on implementation issues, deserves our acknowledgement.

And to the staff of the LEITI Secretariat, we wish to acknowledge your successful role in serving as a fulcrum for the EITI implementation in Liberia by ably managing day to day nuances of the process. The many gains of the LEITI can be attributed to your individual and collective commitment, dedication and team work. Such qualities have amplified and sustained the level of progress made by the LEITI time after time and accounted many gains LEITI continues to make in advancing resource governance , transparency and accountability in the extractive and other covered sectors of Liberia

Finally, our unreserved thanks go to the President of Liberia, H.E. Ellen Johnson-Sirleaf whose personal commitment to and leadership on the EITI implementation process in Liberia has positively shaped the direction of Natural resource governance in Liberia.

## Map of Major Concessions in Liberia



### Legend

Mining Concessions

Agriculture

Curtsey: National Investment Commission (NIC)

## Acronyms

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

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

## Background/Introduction

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

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

Up to date, Liberia has published six EITI reports with the preparation of the 7<sup>th</sup> and 8th reports in progress. More so, Liberia has made several other impressive records in EITI implementation. Liberia is yet the only country that has expanded the scope of the EITI beyond oil and gas and mining, adding forestry and agriculture; Liberia's post award process audit report launched in 2013 is a first of its kind in EITI implementation; and Liberia is amongst few countries that are currently piloting the EITI beneficial ownership disclosure exercise. These achievements have set Liberia at the panicle of global EITI acclamation and as role model in EITI implementation.

This Annual Activity Report has been developed to highlight progress made at implementing the EITI in Liberia in 2015. The publication of the report is also consistent with Requirement 7.2 of the EITI Standard which mandates the MSG of respective implementing countries to review the outcomes and impact of EITI implementation on natural resource governance. The Report has three main components. The first segment detailed an assessment of progress made against the LEITI 2015 Work Plan; the second highlights progress made towards implementation of EITI requirements and the third delineates overview of responses to recommendations made in the 6<sup>th</sup> report.

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

## Executive Summary

In its 2014/2015 Work Plan, the Liberia Extractive Industries Transparency Initiative (LEITI) proposed series of programs and activities designed to support the promotion of transparent resource management in Liberia. Some of the activities were due in FY2013/2014 but brought forward due to the lack of funding, Ebola Viral Disease (EVD) and adequate budgetary support. Key amongst the activities, the LEITI planned to prepare and publish the 6th EITI reconciliation and revenue tracking Report in summary sector and regional forms, Recruitment of independent administrator for the 7<sup>th</sup> and 8<sup>th</sup> reports for Liberia, investigation of discrepancies in the 5<sup>th</sup> and 6<sup>th</sup> reports and EITI validation; scoping study of the mining sector; and the Post Award Process Audit Report; improve the overall qualities of its reports and set up EITI Center of Excellence; as well as prioritize capacity building programs for staff; expand its communications and outreach campaign to ensure increased public involvement in the EITI process by retaining its focal persons across the country; and support the Multi-stakeholders Steering Group (MSG) of the LEITI through the development and implementation of policy manual and rules and engagement.

Toward these goals, and amid daunting challenges including human resource and other capacity constraints, very substantial progress was made, a few of which are outlined below.

### ***Launching of Reports***

The 6<sup>th</sup> EITI Report on Liberia, like every other reconciliation report, reconciles payments made and revenue received by the government from companies operating in the extractive sector. The 6<sup>th</sup> report was commissioned by the MSG in March 2015 and subsequently prepared by Moore Stephens (UK) in collaboration with Parker and Associates LLC based in Liberia. This report indicated that the government received the sum of one hundred eighty five million, nine hundred sixty thousand United States Dollars (US\$ 185,960,000) while data provided from 80 companies have shown that the companies have paid the sum of one hundred seventy nine million, nine hundred eighty three thousand United States Dollars (US\$ 179,983,000). This means that the Government of Liberia acknowledged receiving Five Million Three Hundred and Sixty-one Thousand Dollars more in revenue than what the companies reported as taxes paid. Also, the data shows that direct government revenue from the extractive sectors increased by nearly sixty-nine percent (69%) from US\$110.14m for the Fiscal Year 2011/2012 to US\$185.96m in Fiscal Year 2012/2013.

As always and in an effort to keeping Liberians informed about outcomes from these reports regardless the location and terrains, the LEITI embarked on a nationwide dissemination exercise in January 2016 dividing the country into four regions. Through a rigorous county-by-county dissemination exercise of the reports, people from every sector (students, marketers, women and youth groups, local leaders, parliamentarians, social and intellectual organizations and diplomats) expressed massive interest in the LEITI's report, calling for greater actions to ensure findings from the reports are given considerations and mechanisms are put into place for greater accountability and transparency in the management of the nation's natural resources.

### **Beneficial Ownership Study**

The beneficial ownership disclosure report is an effort of the Liberia Extractive Industries Transparency Initiative (LEITI) to ensure transparency in ownership rights in the extractive sector of Liberia. The nation successfully piloted the beneficial ownership disclosure in accordance with Section 3.11 of the EITI Standard recommends that “implementing countries maintain a publicly available register of the beneficial owners of the corporate entity (ies) that bid for, operate or invest in extractive assets, including the identity (ies) of their beneficial owner(s) and the level of ownership.” The Standard defines beneficial owner (s) as a person(s) who directly or indirectly ultimately owns or controls a corporate entity, a licence or other property. During the reviewed period, the LEITI Multi-stakeholders Group commissioned the conduct of this report in 2014 to ensure that information about companies’ beneficial owners is available to the public to strengthen public confidence in the governance of the extractive sector

### ***Scoping Study of mining sector***

The Scoping Study in the Mining Sector was conducted in consideration of the possibilities of including all payments and revenues from the solid mineral sector in the LEITI reporting processes. The solid mineral sector is believed to be dominated by large scale and artisanal and small-scale mining and quarry operations, but revenues from this sector have not been fully included in the LEITI annual reconciliation reports. Specifically, the study, among other things, examined the scale of operations surrounding artisanal and small scale-mining including the licensing procedures, registration and revenue payments as well as identified key players or available networks, locations of their operations and strategic opportunities available for the full inclusion of the sector in the implementation of the EITI.

### ***Recruitment, Training and Capacity Building of Staff***

In the drive to boost its operations, the LEITI Secretariat recruited two new staff in FY 2015 including the Deputy Head of Secretariat and Finance Director. All two, Liberians, were recruited through competitive process and have the requisite qualifications, some with vast experiences in the extractive Sector. Also during the period under review, five staff of the LEITI Secretariat including the Head of Secretariat completed various short-term capacity-building trainings in Ghana, South Africa and the United States of America, respectively.

Mr. Roosevelt W. Seedee, Industry/Sector Analyst, completed two-week training in Quality Assurance Review Mechanism in the Concession Process from October 26 to November 8, 2015 in the USA, while Mr. Sarnyenneh Dickson, also an Industry Analyst, completed a week-long training in Corporate Social Responsibility Global Standards in Accra, Ghana from October 1-6, 2015. Miss. Beneta Ackah, Technical Officer, completed two-week training in Effective Supervisory Skills in the Work Environment from November 9-22, 2015 in Pretoria, South Africa. Also The Head of Secretariat Mr. Konah D. Karmo and the then Communications and outreach officer Samson Wonnah benefited from EITI Secretariat organized training in Accra, Ghana for EITI National Coordinators and Communications Officers from the African Region. The training held from August 18-21, 2015, was to strengthen peer learning and have in-depth discussions on technical aspects of the EITI Standard, linking the EITI to national priorities and generating impact. Although there still exists a greater need to fill the capacity gap at the Secretariat, this move has undoubtedly enhanced operations of the LEITI Secretariat

### ***Communication and outreach activities***

Under the LEITI Communication and Outreach Program, the Secretariat conducted a day-long training workshop for 18 media executives from various community stations throughout the country. The event, dubbed as “Editor Forum”, was held in Gbarnga on November 28, 2015. The forum was designed to strengthen the partnership between LEITI and the media as well as deepen the media’s role in the EITI process in Liberia, thereby enabling media to effectively inform and educate the public on the process and stir the debates on resource transparency.

A media Forum that brings together media executives after the launch of every reconciliation report to discuss the findings of the reports and derive means of starting the debate on the media was initiated and executed during the period under review. This last forum, unlike previous ones, was held in Gbarnga, Bong County focusing on rural media executives, as a means of involving the rural listeners into the debate centering on the extractive sector. The event, dubbed “Editor Forum”, was held in Gbarnga on November 28, 2015. The forum was designed to strengthen the partnership between LEITI and the media as well as deepen the media’s role in the EITI process in Liberia, thereby enabling media institutions to effectively inform and educate the public on the EITI process and stir debates on resource transparency. Eighteen media executives from community radio stations across Liberia participated.

### ***Capacity Building among CSOs and Traditional Leaders***

Under the LEITI-CSO Capacity Building Initiative, several CSOs conducted capacity building programs during the period under review; those CSOs include: Publish What You Pay Liberia Coalition (PWYP), the National Civil Society Council of Liberia (NSSCL), the Federation of Liberian Youth (FLY), the Extractive Media Watch (EMW), Rights & Rice Foundation, and the Liberia Peace Building Network. The Aim of this capacity building program was to enhance the beneficiaries’ knowledge in continuous dialogue and engagement with the extractive sector. The Secretariat facilitated at some of the capacity building workshops. Similarly a two-day workshop was held at the Baptist Seminary in Monrovia for traditional leaders that educated the chiefs and traditional leaders in understanding their obligations and benefits associated with the extraction of the resources; get them involved in monitoring social obligations from the concessionaires as well as participate in other debates and dialogues regarding the transparent management of the extractive resources. About 31 chiefs including the head of the National Traditional Council of Liberia, Chief Zanzan Karwor, attended.

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

Customarily, the annual work plans of LEITI have been aligned with the Government’s fiscal term, which execution starts from July 1 of the current year to June 30 of the following year. This Report, being the substance of the 2015 calendar year, integrates components of both the 2014/2015 and 2015/2016 Annual Work Plans.

During the period under review, several programs and activities were approved for implementation particularly in support of meeting compliance with the EITI Standards and

fulfilling other national requirements as captured by the LEITI Act of 2009. Substantial progress was made towards these target deliverables. Achievements against each target deliverable are catalogued below.

***Production, Publication and dissemination of Liberia's 6<sup>th</sup> EITI Report:*** The 6<sup>th</sup> EITI Report for Liberia, commissioned by the MSG in March 2015 and prepared by Moore Stephens (UK) in collaboration with Parker and Associates LLC, contains reconciled accounts of payments made to, and revenues received by the Government of Liberia from the oil, mining, forestry and agricultural companies during the Fiscal Year July 1, 2012 up to and including June 30, 2013. The Report shows that the total amount received by the Government of Liberia from the extractive sectors for the reviewed period amounted to US\$185,960m, while payment data supplied by eighty (80) companies amounted to US\$179,983,000.00, resulting to a net difference of US\$5,361,000.00. The 6<sup>th</sup> Report also showed that the extractive sectors contributed to 4.11% of the total employment in Liberia during the reporting period and as well recorded payment data of In-kind Contributions made by extractive companies to the local communities and public institutions and tracked revenues from earmarked payments in various concessions agreement. It was received by the MSG in December 2015 and launched on December 14, 2015. . Dissemination of the 6<sup>th</sup> report was deferred to take place in early 2016 for which funding was secured from the African Development Bank (AfDB) through a grant agreement. Among other things, the report recommended that the LEITI improves its data base of extractive companies by liaising with relevant government agencies to ensure it obtains adequate information regularly and update its database; and that any new entrants to the extractive sector be registered with the LEITI Secretariat as part of the process before or at the same time as they obtain their operating licenses.

***Recruitment of independent Administrator for the 7<sup>th</sup> and 8<sup>th</sup> Reports:***

Initially, the UK based firm Moore Stephens LLP (London) was contracted in February 2014 to prepare Liberia's 6<sup>th</sup> and 7<sup>th</sup> EITI Reports in tandem, following a competitive recruitment process. Upon preparation, approval and launch of the 6<sup>th</sup> EITI report on Liberia (FY2012/2013), the 7<sup>th</sup> and 8<sup>th</sup> EITI reports on Liberia (FY2013/2014 and FY2014/2015) were automatically due. The MSG in its wisdom therefore extended and expanded the duration and scope of existing contractual agreement between LEITI and Moore Stephens LLP with the view to prepare Liberia's 7<sup>th</sup> and 8<sup>th</sup> EITI reports simultaneously. The Public Procurement and Concession Commission endorsed the process following MSG's no objection request. The reviewed period witnessed, with support from Liberian government, the procurement of an Independent Administrator for the preparation of the 7<sup>th</sup> and 8<sup>th</sup> EITI reports for Liberia. Works have commenced on the 7<sup>th</sup> and 8<sup>th</sup> EITI reports on Liberia covering FY2013/2014 and FY2014/2015.

***Conduct of the second Post Award Process Audit/Review of material concessions, contracts, licenses, permits granted by the Government of Liberia in the sectors covered by LEITI from***

**January 1, 2012 to December 31, 2012:** Liberia's first Post Award Process Audit Report was launched in May 2013 and represented the achievement of a significant milestone in the history of EITI implementation in Liberia relative to enhancing contract transparency in Liberia's extractive sector.

The goal of conducting a second post award process audit / investigation as targeted in the 2013/2014 Work Plan, was therefore to sustain the gains made in the first instance and ensure increased and continuous transparency in the contract award processes. Portion of a US\$409,000 grant support from AfDB was then allocated to fund the second phase. Procurement processes were completed during the period under review with PricewaterhouseCoopers (PWC) recruited as consultants to conduct the second phase. Completion of the consultancy is planned for the first quarter of 2016.

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

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

However, Liberia's efforts at Beneficial Ownership Disclosure (BOD), like many other activities planned by LEITI in the reporting period, were greatly affected by the Ebola epidemic situation in the country. At the height of the outbreak, government's restrictions on public gatherings and the reduction of staff in public offices as part of efforts to contain the spread of the disease prohibited MSG meetings, a situation that restrained policy directions that would inform the conduct of the Beneficial Ownership Disclosure (BOD), particularly discussing and agreeing the TOR. As the situation later improved and some of the restrictions relaxed, the MSG resumed its meetings and approved the TOR. Subsequently, the firm Baker Tilly Liberia, in collaboration with Hart Nurse United Kingdom, was contracted after a competitive procurement process, to

conduct the audit exercise. Yet, by then, the Firm could not have done anything significant as most of the companies, listed to be covered by the exercise, were yet to resume operations after their closures sanctioned by the Ebola outbreak.

A detailed Inception Report produced by the Consultant earlier on contained several findings and useful recommendations that helped re-defined the scope and threshold of the exercise. The exercise, as per the approved TOR, would affect companies that were awarded contracts, permits or licenses for operation between July 9, 2009 and December 31, 2013, when the LEITI Act was passed. However, it was modified that changes in beneficial ownership occurring in the affected companies for the period up to June 30, 2014, would be included during the final database compilation process, only for the purpose of tracking those changes.

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

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

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

Sector	Number of Companies targeted
Oil	4
Forestry	18
Mining	58
Agriculture	11
Total	91

With the challenges catalogued above in respect to the Ebola epidemic situation, adjustments were made in the implementation schedule. It was not until December 9, 2015, that the Secretariat received the Final Draft Report from the Consultants and subsequently launched on December 14, 2015. The undertaking has been focused on the disclosure of natural persons with shareholdings and persons of influence over the action of the extractive company. Under this framework, extractive entities were required by the LEITI to disclose natural persons with five percent (5%) or more shares in each company covered under the scope of the LEITI for three of the sectors – agriculture, mining (only for those with Mineral Development Agreements (MDAs) and oil due to these sectors’ aggregate dollar value, and ten (10%) for the forestry sector and other rights in the mining sector without MDAs.

***Scoping Study of the mining Sector:*** Despite Liberia’s outstanding records in the implementation of the Extractive Industries Transparency Initiative (LEITI) which have inspired many nations, the Liberia Extractive Industries Transparency Initiative (LEITI) still faces challenges in its annual reporting process, particularly in reconciling payments from the mining sector. Over the years, payments from the artisanal and small-scale miners in the solid mineral sector are only reported by the government, and have not been independently verified or reconciled by the LEITI Independent Administrators due to lack of data from the Artisanal and small-scale miners.

In addressing this challenge, the LEITI Multi-stakeholders Steering Group (MSG) approved the conduct of a Scoping Study in the Mining Sector of Liberia. The study is intended to assess the solid mineral sector – believed to be dominated by large scale and artisanal and small-scale mining and quarry operations, to consider the possibilities of including all payments and revenue from the sector into the EITI reporting process. The exercise is crucial to promoting full disclosure of taxes and revenue data from the extractive industries as part of efforts to ensure enhanced transparency and accountability in the way proceeds from Liberia’s resources are managed. Specifically, the study among other things examined the scale of operations surrounding artisanal and scale-mining including the licensing procedures, registration and revenue payments as well as identify key players or available networks, locations of their operations and strategic opportunities available for the full inclusion of the sector in the implementation of the EITI. Additionally, the study identified the needs of the sector which require support for full compliance with EITI principles with few recommendations. The firms Mac-Africa Consultants Inc. was contracted to conduct the study through a PPCC procurement adherence regulation. On November 8, 2015, the Secretariat received the Final Draft Report from the Consulting firm - MAC Africa. The final Report fully addressed the MSG’s request for the Consulting firm to improve on the quality of data presented on revenues from Quarry and sand mining in the draft report by resorting to official sources such as the LRA. The study concluded that revenue generation from sand mining and rock quarrying are not material enough to be included in the EITI reporting scope. This report was also launched in December 2015 along with the 6<sup>th</sup> report.

### ***Capacity Building amongst CSOs and Traditional Leaders:***

To mitigate the weak capacities among CSOs and traditional leaders relative to understanding the developments especially in the extractive sector the LEITI Secretariat under the LEITI-CSO Capacity Building Initiative, conducted capacity building programs during the period under review for several CSOs including: Publish What You Pay Liberia Coalition (PWYP), the National Civil Society Council of Liberia (NSSCL), the Federation of Liberian Youth (FLY), the Extractive Media Watch (EMW), Rights & Rice Foundation, and the Liberia Peace Building Network. The Aim of these capacities building program was to enhance the beneficiaries' knowledge in continuous dialogue and engagement with the extractive sector. The Secretariat facilitated at some of the capacity building workshops, whilst others were carried out the CSOs themselves with funding from LEITI.

Similarly the participation of all stakeholders is crucial to the successful implementation of the Extractive Industries Transparency Initiative (EITI). More so, the involvement of the locals is very important given that they are the true owners of the resources and are the ones often directly affected by activities related to the extraction of those resources. The locals, for instance, had to sometimes be re-located from their dwellings where these settlements are found to be within the limit of concessions areas. They also often suffer associated conditions such as lose of farm lands and being prone to environmental hazards and other risks associated with extractive operations. Their participation in the decisions regarding the use of the proceeds from these resources is therefore cardinal.

Challengingly, over the years, the participation of the locals in the decisions surrounding the management of the resources and particularly their engagements with the government and the concessionaires had been affected by their lack of or limited understanding of the relevant issues that inform their obligations and benefits under the agreements signed by the government and concession companies. In addressing this challenge, in line with its overall goal of promoting transparent resource management in Liberia, the Liberia Extractive Industries Transparency Initiative (LEITI), with support from the African Development Bank, in January 2015, organized a specialize workshop aimed at building the capacity of chiefs and traditional leaders from across the country and broadening their understanding of the EITI process. The two-day workshop, held at the Baptist Seminary in Monrovia from January 13-14, 2015 was especially intended to educate the chiefs and traditional leaders in understanding their obligations and benefits associated with the extraction of the resources; get them involved in monitoring social obligations from the concessionaires as well as participate in other debates and dialogues regarding the transparent management of the extractive resources. The workshop, held in collaboration with the National Traditional Council of Liberia (NTCL), was attended by over thirty chiefs and traditional leaders from across the country including the Chairman of the NTCL, Chief Zanzan Karwor. On the average, two persons represented each of the 15 counties.

***Expansion of the extractive clubs in high schools and inter-high school debate to include Bong, Nimba and Margibi Counties:*** The Extractive Club Program is part of LEITI outreach campaign that seeks to increase public awareness on the management of natural resources in Liberia. Over the past four years, through series of activities, including on-campus speaker

series, peer-to-peer discussions, inter-high school debates, mentorship and field trips to extractive companies amongst others, the Extractive Club Program has set the platform for students to learn more about natural resource governance in Liberia, a process that contributes to policy decision making around the sector. The momentum has been building up and with funding from the German Development Cooperation in 2014; the program was expanded to five additional schools, bringing the number of participating schools up to date to fifteen with about 300 students reached. This represents a 100% increment from the number of students reached in 2013. A new staff was recruited at the Secretariat dedicated to supporting the program, and this has enhanced effectiveness at coordinating program activities at the various schools. But these achievements are centered on schools in Montserrado and Margibi Counties. The LEITI had in its 2015 workplan proposed to decentralize the activities of the 'Extractive clubs' to two additional counties as well expand scope in Margibi. Bong and Nimba counties were targeted for this gradual decentralization exercise. The Secretariat fell short of this realization due to lack of budget support. The current funders could not commit enough funds to execute the plan. Howbeit, funding is being sought to have executed in the next fiscal. During the period under review however, the Secretariat organized a major field trip that allowed students from the Extractive Club Program tour the facilities of the Liberia Agriculture Company (LAC) in Grand Bassa County, learning about key areas of the rubber industry. The excursion was held on July 23 and 24, 2015.

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

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

### ***Decentralization of LEITI activities:***

Decentralization had been at the core of LEITI's communication and outreach strategy. Since inception, the Secretariat's operations had been hugely concentrated in Monrovia, the nation's Capital. During the period under consideration, the LEITI also recruited, deployed and maintained 15 County Focal Persons (CFPs) in all political subdivision of Liberia. The thinking is to bring LEITI closer to the local authorities, women group, marginalized population and the youth as well. The CFPs serve as ambassadors of LEITI in the 15 counties of Liberia.

In an attempt to bring the CFPs to speed with the LEITI process and other reportorial duties, a two-day capacity building workshop was held in Ganta, Nimba County from 10 – 12 December 2015 for all CFPs. The following objectives were achieved during the capacity building initiative:

- Historical background of the EITI and LEITI processes was provided to the CFPs;
- CFPs acquired relevant skills needed to effectively engage communities, especially those affected by extractive activities, creating awareness on resource governance issues, particularly highlighting social obligations as well as relaying feedbacks from the communities in a way that ensures those issues are reflected in policy decision making;
- CFPs' knowledge was deepened on the EITI reports, detailing the relevance of the various components (payment reconciliation, revenue tracking, amount due, in-kind contribution and contextual information);
- Increased CFPs' understanding of different methods to monitor activities in the extractive industries with particular bearings on the relationship between the communities and the concessionaires, execution of social obligations, use of social contributions and status update of implementation of policies and decisions within the extractive sectors; and
- Enhanced CFPs capacity in effective reporting and internet usage.

### **Development of Strategic plan**

In an effort to provide continued strategic direction for the successful implementation of EITI programs in Liberia and maintain the unmatched successes of the LEITI, the MSG in 2012 approved a two-year strategic plan covering July 1, 2012 to June 30, 2014 which defined specific program activities and set measurable targets aimed at incentivizing the local EITI implementation. The plan eventually expired on June 30, 2014; hence, the need for a new multi-year strategic plan to guide LEITI's interventions under the Agenda for Transformation (AFT) – the National Development Agenda.

Development of a five-year strategic plan for the LEITI covering the period July 1, 2015 to June 30, 2020 was informed by practical lessons learned from the implementation of the previous strategic plan; the need to align current EITI implementation strategies with global trends of emerging best practices in extractive sector management; and requirements for the full implementation of the new EITI Standard adopted in 2013. During the period under review, the MSG in its wisdom hired a consultant to develop the five year strategic plan which was

subsequently validated at a retreat held at the RLJ Kendeja Villas and Resort, Thinkers Village, Liberia on June 25 to the 26, 2015 with the development of a two year workplan. The Strategic plan was developed as a five-year plan containing two sections, each with different layers of details. The first section – covering July 1, 2015 to June 30, 2018 contains programs, their full descriptions and workplan containing deliverables, timeline and outputs presented annually; while the second section, covering July 1, 2018 to June 30, 2020, is generic – stating in broad terms: programs , deliverables, timelines and outputs

**Development of Simplified Contract Matrix:** The LEITI has also made great efforts in ensuring increased public understanding of, and access to contracts that the Government of Liberia signed with extractive companies. Concession agreements and contracts were complex with legal diction and huge volumes. These complexities made it challenging for the average citizens to understand the terms and conditions of these agreements even though they have stake in them. In this vein, the LEITI has simplified 26 concession agreements, summarizing basic terms in the contracts that are of high relevance to the citizens. The MSG during the period under review commissioned the simplification of these agreements and afterwards launched it along with the 6<sup>th</sup> report and the mining sector scoping study in December 2015

## II. Assessment of Performance against EITI Requirements

Liberia continues to make strides towards compliance with the requirements of the EITI Standard. The LEITI 5<sup>th</sup> Report, which is Liberia’s first after the launch of the Standard in May 2013, lifted some of these requirements as reported in the 2014 annual activity report. In furtherance of such efforts to enhance compliance, the MSG in November 2014, approved the conduct of a special assessment of the extent to which the EITI Standard has been met in the 5<sup>th</sup> EITI Report for Liberia. The assessment, which was done by the Overseas Development Initiative (ODI), highlights gaps in the Report and as well made recommendations on how LEITI can address the reporting gaps identified. The assessment report is available on the LEITI website on the following link: [http://www.leiti.org.lr/uploads/2/1/5/6/21569928/applying\\_the\\_2013\\_extractive\\_industries\\_transparency\\_initiative\\_standard\\_in\\_liberia.pdf](http://www.leiti.org.lr/uploads/2/1/5/6/21569928/applying_the_2013_extractive_industries_transparency_initiative_standard_in_liberia.pdf). With the development of the 6<sup>th</sup> report, the second since the standard was launched three years ago, the Secretariat continues to maintain adherence to these standards. Below is a summary of progress made towards compliance with the EITI requirements as captured in the 6<sup>th</sup> EITI report for Liberia.

Requirement	Progress
<p><u>Requirement 3.7(a)</u> The EITI Report should indicate which extractive industry revenues, whether cash or in-kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable, e.g. sovereign wealth and development funds, sub-national</p>	<p>The balances of all public funds, except those specifically earmarked in the various extractive contracts as social contributions or direct contributions to state owned agencies/enterprises, are to be included in the Consolidated Fund.</p>

<p>governments, state owned companies, and other extra-budgetary entities.</p> <p><u>Requirement 3.7(b)</u> Multi-stakeholder groups are encouraged to reference national revenue classification systems, and international standards such as the IMF Government Finance Statistics Manual</p> <p>Requirement 3.8: The Multi-stakeholder group is encouraged to include further information on revenue management and expenditures in the EITI Report, including</p> <p><u>Requirement 3.8(a)</u> A description of any extractive revenues earmarked for specific programs or geographic regions. This should include a description of the methods for ensuring accountability and efficiency in their use</p> <p>Requirement 3.8(b) A description of the country’s budget and audit processes and links to the publicly available information on budgeting, expenditures and audit reports.</p> <p><u>Requirement 3.8(c)</u> Timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence. This may include the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector</p>	<p>Hence, contributions from the extractive companies to the GoL, which are not earmarked through specific clauses, lose their identity once they are deposited in the Consolidated Account. In page 29 of the 6<sup>th</sup> Report, specific reference is made to the 2009 PFM Act, explaining this. As mentioned earlier, the report reconciles extractive resources earmarked for specific programs and regions, e.g., SDF and forestry sector payments.</p> <p>The 6<sup>th</sup> Report contains a description of the country budget (Pages 27-31) and audit processes; links to the CBL (<a href="http://www.cbl.lr">www.cbl.lr</a>), MFDP (<a href="http://www.mfdp.gov.lr">www.mfdp.gov.lr</a>) and/or GAC (<a href="http://www.gac.gov.lr">www.gac.gov.lr</a>) are provided. There is now information on how people can access timely information from the government that will promote debate around fiscal contribution from the extractive sector to the national budget.</p> <p>Discussions are ongoing between the LEITI Secretariat and the LRA regarding the classification of the revenue data for the electronic reporting template, using the Liberian Chart of Account coding for all separate revenue streams.</p> <p>Extractive revenue earmarked for corporate social responsibility is captured in the 6<sup>th</sup> Report (page 8). Further analysis of social payments by company, sector and amounts are found on page 62 of the 6<sup>th</sup> Report.</p>
<p><u>Requirement 3.11</u> a) It is recommended that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity/ (ies) that bid for, operate or invest in extractive assets, including the identity(ies) of their beneficial owners(s) and the level of</p>	<p>LEITI has completed work on the beneficial ownership report which includes a database of all natural person(s) as well as intermediaries that hold ownership rights of ≥ 5 percent in the companies that exploit oil, minerals, forestry, or agricultural resources in Liberia. This also includes current ownership of all active concessions as well as any changes in ownership during the period July 2009 - December 2014.</p>

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

	<p>the fiscal terms, contract start/end dates, community benefits, and other key provisions on the agreements.</p> <p>Relevant information on contract disclosures is included in the 6<sup>th</sup> and other reports thereafter.</p>
<p><u>Requirement 4.1(f)</u>  <i>Transportation:</i> Where revenues from the transportation of oil, gas and minerals constitute one of the largest revenue streams in the extractive sector, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received. The published data must be disaggregated to levels commensurate with the reporting of other payments and revenue streams (Requirement 5.2.e)</p>	<p>Liberia and West African Exploration/Sable Mining recently signed a 25-year iron ore transshipment deal worth USD1.3 billion. The company will pay an annual concession fee of 1.5 million to USD5 million for the transshipment of iron ore from zero million/ton to 10 million/ton each year, as well as taxes and duties as mandated in the deal.</p> <p>The 6<sup>th</sup> LEITI report also does not capture any information related to revenues generated from the transportation of extractive products through or across Liberia. Currently, the only transportation arrangement that is likely to generate future revenues for the GoL is the transshipment of iron ore by mining companies other than ArcelorMittal. There are no pipelines in Liberia and no road taxes are collected from e.g., the logging companies.</p> <p>Once these contracts are operational and the expected revenues are coming forth, they will be disclosed in LEITI subsequent reconciliation reports.</p>
<p><u>Requirement 4.1(e)</u>  <i>Social Expenditures:</i> where material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment, the EITI Report must disclose and, where possible, reconcile these transactions</p> <ol style="list-style-type: none"> <li>i. Where such benefits are provided in-kind, it is required that the EITI Report discloses the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e. not a government agency, it is required that the name and function of the beneficiary is disclosed</li> <li>ii. Where reconciliation is not feasible, the EITI Report should include unilateral company and/or government disclosures of these transactions</li> </ol>	<p>A number of contracts and agreements in Liberia’s four extractive sectors include clauses requiring holders to make contributions toward specific objectives, e.g., social contributions, scholarships, sector development etc.</p> <p>The 6<sup>th</sup> LEITI report reconciles all cash payments made by the extractive companies as social contributions in cash and in kind (pp. 35 and 62).</p> <p>Additionally, the 6<sup>th</sup> report also discloses the value of in-kind contributions in line with the EITI Standard in addition to the cash contributions.</p>

<p>iii. Where the multi-stakeholder group agrees that discretionary social expenditures and transfers are material, the multi-stakeholder group is encouraged to develop a reporting process with a view to achieving transparency commensurate with the disclosure of other payments and revenue streams to government entities. Where reconciliation of key transactions is not possible, e.g. where company payments are in-kind or to a non-governmental third party, the multi-stakeholder group may wish to agree an approach for voluntary unilateral company and/or government disclosures to be included in the EITI Report</p>	
<p><u>Requirement 4.2(e)</u> Ad-hoc subnational transfers: Where transfers between national and subnational government entities are related to revenues generated by the extractive industries and are mandated by a national constitution, statute or other revenue sharing mechanism, the multi-stakeholder group is required to ensure that material transfers are disclosed in the EITI Reports. The EITI Report should disclose the revenue sharing formula, if any, as well as any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant subnational entity. The multi-stakeholder group is encouraged to reconcile these transfers. The multi-stakeholder is encouraged to ensure that any material discretionary or ad-hoc transfers, are also disclosed and where possible reconciled in the EITI Report. Where there are constitutional or significant practical barriers to the participation of subnational government entities, the multi-stakeholder group may seek adapted implementation in accordance with requirement 1.5</p>	<p>Liberia does not have a natural resource fund and only minor amounts of the country’s extractive resource revenues are earmarked for certain beneficiaries or regions (e.g., in the forestry sector). However, a number of contracts and agreements in the four sectors include clauses requiring holders to make contributions toward specific objectives, e.g., social contributions, scholarships, sector development etc. These payments are not made to any sub-national government entities, but are rather channeled through the Social Development Fund or made directly to individual government agencies.</p> <p>The 6<sup>th</sup> LEITI report explains transfers, sub national transfers, mandatory and voluntary social payments on page 34. The report does not provide, however, any information regarding the actual spending of these funds at the county level. However, many of the SDF have recently been audited by the GAC and these audits are available online at <a href="http://www.gac.gov.lr/index.php">http://www.gac.gov.lr/index.php</a>.</p> <p>All direct company payments to government agencies are disclosed on pp. 8 in the 6<sup>th</sup> LEITI report. The amounts are disaggregated by type of payment and materiality thresholds are clearly stated (pages 30-39).</p>
<p><u>Requirement 3.1 (a)</u> “Implementing countries are required to</p>	<p>In 2013, even before the adoption of the EITI Standard in Sydney, and as mandated by the LEITI Act, the LEITI conducted an investigation of the processes</p>

<p>disclose information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report, including: a description of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; and any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards.”</p> <p><u>Requirement 3.1(b)</u>  “Where licenses are awarded through a bidding process during the accounting period covered by the EITI Report, the government is required to disclose the list of applicants and the bid criteria.”</p> <p><u>Requirement 3.1(c)</u>  “Where the requisite information set out in 3.10(a) and 3.10(b) is already publicly available, it is sufficient to include a reference or link in the EITI Report.”</p>	<p>leading to the award of 68 material concessions, contracts, licenses, permits, and other rights of exploitation of diamond, gold, oil, timber, and agricultural resources of Liberia between 13 July 2009 and 31 December 2011, with the goal of ascertaining whether these processes were in compliance with the applicable Liberian laws at the time of awards.</p> <p>Sector-specific compliance templates, summarizing all relevant laws and applicable procedures in the covered sectors, were also developed and included in the 2013 Post Award Process Audit Report to serve as a guide in the evaluation of award process in the future.</p> <p>The report has been submitted to the President and the National Legislature and copies shared with all agencies of government involved in the award of contracts. It has also been made available to the media, civil society organizations and other members of the public as well as uploaded to the LEITI website and Facebook page. The report is included in the 6<sup>th</sup> Report published in December 2015</p>
<p><u>Requirement 3.4</u>  “The EITI Report must disclose, when available, information about the contribution of the extractive industries to the economy for the fiscal year covered by the EITI Report. This information is expected to include:”</p> <p><u>Requirement 3.4(a)</u>  “Size of the extractive industries in absolute terms and as a percentage of GDP, including an estimate of informal sector activity.”</p> <p><u>Requirement 3.4(b)</u>  “Total government revenues generated by the extractive industries (including taxes, royalties, bonuses, fees, and other payments) in absolute terms and as a percentage of total government revenues.”</p> <p><u>Requirement 3.4(c)</u>  “Exports from the extractive industries in</p>	<p>The 6<sup>th</sup> LEITI report includes contextual information on the export value of the extractive industries to the overall GDP of the country. It also includes employment information reported by companies in three of the four extractive sectors (petroleum, agriculture, and mining) in absolute terms. The report as well provides information about employment in the mining, forestry, and agriculture sectors both in absolute terms and as a percentage of total employment (p 9).</p> <p>Moreover, the information provided by the companies has not been reconciled with the Ministry of Labor. Finally, any contractual obligations by the companies are unexplained in the report.</p> <p>According to the 6<sup>th</sup> LEITI Report, total revenue generated from the extractive sectors amount \$185.96m (page 8).</p>

absolute terms and as a percentage of total exports.”	
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### III. Overview of Response to Previous Recommendations

Many recommendations have been made by the Validators who conducted Liberia’s first validation in 2009 and the Reconcilers of the last four reconciliation processes, all aimed at ensuring compliance with the rules and principles of the EITI and improving the reconciliation processes. Update on the status of efforts made in addressing the issues identified, particularly in the validation report and the 6th reconciliation process are provided in the table below. We realize that some of these recommendations from the different exercises are common. We have not repeated here those that are common.

Source	Recommendation	Status of implementation
LEITI 6th Report	LEITI improves its database of extractive companies by liaising with relevant government Agencies to ensure it obtains adequate information regularly and update its database; and any new entrants to the extractive sector be registered with the LEITI Secretariat as part of the process before or at the same as they obtain operating licenses.	Done: Database up-to-date
LEITI 6th Report	During the reconciliation process, emphasis be placed on the importance of the collaboration of reporting entities following the submission of reporting templates; the reconciler must work with reporting entities to resolve difference between companies and government amount	90% of differences resolved in 6 <sup>th</sup> LEITI Report
LEITI 6th Report	Companies carefully prepare their reporting templates as requested following the instructions for completion of templates and supporting schedules	Some companies still have issues in completing templates accurately.
LEITI 6th Report	With the LRA now receiving taxes on behalf of the Ministry of Lands, Mines and Energy, the Forestry Development Authority and the Ministry of Agriculture, it is recommended that the MLME, FDA and MoA be excluded from future reconciliation exercises; however, their involvement in the EITI process be maintained since they have the relevant contextual information	Done.

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

#### Major Strengths

- **Increased efforts at advocacy and Stakeholders’ feedback**—lately, our outreach efforts have significantly changed in emphasis from raising awareness to advocacy and feedback. When launched, LEITI reconciliation reports are taken to all fifteen counties in various summaries forms, including recently, disaggregated findings by sectors, and are shared with citizens. Civil society groups represented on the MSG, particularly those with emphasis in transparency and natural resource management are involved in the dissemination exercises, allowing them to get feedback from the communities and engage

in the relevant advocacy. The scope of our outreach, particularly the dissemination exercises, has also expanded greatly. As mentioned earlier, about 18,000 persons were reached in 2015 as compared to the 12,000 in 2014. This is because in contrast to the previous years where only the county capitals were reached, our current efforts have included targeting citizens within strategic concessions communities, ensuring that feedback are received from those actually affected by these extractive activities enhanced by the focal persons in all 15 political subdivisions who are skilled mobilisers.

- ***Promoting stakeholders' participation***—part of our recent focus, which is another form of strengthening advocacy, is to promote stakeholders' participation in the debates and dialogues around the resource management. The limited participation of citizens, particularly the locals, in decisions regarding awards of concessions and the use of proceeds from the extraction of their resources is obvious, as confirmed by many previous reports. LEITI has currently increased efforts at building the capacities of target groups in the local communities, including chiefs and traditional leaders from across the country, particularly educating them to understand their obligations and benefits associated with the extraction of the resources. Emphasis has been placed on enhancing their capacities to monitor social contributions from the concessionaires.

The simplification of all contracts and concession agreements in all four covered sectors—mining, forestry, agriculture and oil launched alongside the 6<sup>th</sup> report in December 2015, is also meant to enhance citizens' understanding of the agreements, thereby promoting their effective engagements with the government and the concessionaires. The contracts, in their original versions are huge and chockfull with legal jargons making it difficult for the average citizens to understand. The simplified contracts basically summarizes the highly valued terms that are relevant to the citizens, to include the contract start/end dates, communities benefits, employment information and other key provisions.

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

***Staff capacity Building:*** The LEITI is reaping immense benefits from the upgrading of three of our technical staffers who recently benefited from varies advancement training skills in foreign lands. Mr. Roosevelt W. Seedee, Industry/Sector Analyst, completed two-week training in Quality Assurance Review Mechanism in the Concession Process from October 26 to November 8, 2015 in the USA, while Mr. Sarnyenneh Dickson, also an Industry Analyst, completed a week-long training in Corporate Social Responsibility Global Standards in Accra, Ghana from October 1-6, 2015. Also, Miss Beneta Ackah, Technical Officer, completed two-week training in Effective Supervisory Skills in the

Work Environment from November 9-22, 2015 in Pretoria, South Africa. These trainings have holistically impacted the work of the secretariat.

**Weaknesses:**

Most notable weaknesses observed over the review period include:

**Decline in Government funding** – during the period under review budgetary support to the LEITI declined thereby affecting implementation of the LEITI work plan. In 2009 the LEITI was created as an autonomous agency of government through an act of the Liberian Legislature. The Government of Liberia was designated by the Act as the primary funding source, through budgetary appropriations.

**V. Total Implementation Cost**

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

<b>LIBERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (LEITI)</b>	
<b>STATEMENT OF INCOME AND EXPENDITURES FY2014/15</b>	
<b>ACCOUNT DESCRIPTION</b>	<b>AMOUNT (US\$)</b>
<b>INCOME</b>	
Government of Liberia	474,927
World Bank	146,955
*African Development Bank (AfDB)	409,000
GIZ	79,056
United Nations Development Program (UNDP)	65,000
<b>Total Income</b>	<b>1,370,915</b>
<b>EXPENDITURES:</b>	
Personnel Expense	(258,672)
LEITI Secretariat Operational Costs	(107,489)
Multi-Stakeholders Steering Committee Operational Costs	(13,400)
Consultancy Fees	(424,500)
Communication & Outreach Operational Costs	(234,975)
Travel Costs	(28,520)
Training & Capacity Building	(233,846)
<b>Total Expenditures</b>	<b>(1,301,442)</b>
<b>Excess: Income over Expenditures</b>	<b>69,473</b>
<small>* Amount administered by the Ministry of Finance &amp; Development Planning's Project Financial Management Unit (PFMU) in line with the LEITI Costed Work Plan</small>	

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

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

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

The table below provides details of MSG membership during the period under review.

Constituency		
	<i>Institution</i>	<i>Representative</i>
Government	MFDP	Amara M. Konneh
	MLME	Patrick N. Sendolo
	FDA	Harrison S. Karnwea, Sr.
	NOCAL	Randolph McClain
	Senate	
	HOR	Adolph Lawrence
	MoA	Florence Chenoweth
	MIA	Morris M. Dukuly
	LRA	Elfrieda S. Tamba
Civil Society	PWYP	Cecelia T. M. Danuweli
	WONGOSOL	Marpue M. Speare
	Rights and Rice Foundation	James M. Yarsiah
	GODIMWUL	Ezekiel S. Johnson
Private Sector	Western Cluster	Atul Mittal
	Aureus Gold	Debar Allen

	ExxonMobil	Keith Conrad
	LTA	John Deah
	Gold & Diamond Brokers & Dealers Association	Isiaka Konneh Esiaka B. Konneh
	GVL	Henri Harmon
<b>Others</b>	NTCL	Chief Zanzan Karwor
<b>Observers</b>	AfDB	Margret Kilo
	N C S C L	Frances R. Deigh Greaves
	GIZ	Mark Mattner
	IMF	Charles Amo-Yartey
	EITI Board Rep.	Gbehzohngar Findley
	UNDP	Kamil Kamaluddeen
	World Bank	Inguna Dobraja
	UNMIL	Karim Landgren
	US Embassy	Debora Malac

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

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

Twelve (12) regular meetings were held in 2015, as against the 7 held in 2014. 2014 witnessed the outbreak of Ebola Viral Disease (EVD) in Liberia.

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

Approval by the MSG:

Stephen B. Dorbor  
**Proxy - Chair Person / LEITI MSG**

Date: June 30, 2016