

# Validation of Liberia (2022):

## Final assessment of progress in implementing the EITI Standard

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## Acronyms

BO	Beneficial Ownership
CBL	Central Bank of Liberia
ECOWAS	Economic Community of West African States
EITI	Extractive Industries Transparency Initiative
EPA	Environmental Protection Agency
GAC	General Auditing Commission
GDO	Government Diamond Office
GDP	Gross Domestic Product
HDF	Hydrocarbon Development Fund
HTC	Hydrocarbon Technical Committee
IA	Independent Administrator
IFMIS	Integrated Financial Management Information System
IMCC	Inter-Ministerial Concession Committee
IOC	International Oil Company
JOC	Joint Operating Committee
LEITI	Liberia Extractive Industries Transparency Initiative
LGS	Liberia Geological Survey
LICPA	The Liberian Institute of Certified Public Accountants
LRA	Liberia Revenue Authority
MDA	Mineral Development Agreement
MFDP	Ministry of Finance and Development Planning
MLME	Ministry of Lands, Mines and Energy MMA Mineral and Mining Law
MOCI	Ministry of Commerce and Industry
MSG	Multi-stakeholder Steering Group
NA	Not Applicable
NBC	National Bureau of Concessions
NIC	National Investment Commission
NOCAL	National Oil Company of Liberia
NPA	National Port Authority
PEP	Politically Exposed Person
PFM	Public Financial Management
PPCA	Public Procurement and Concessions Act
PSC	Production Sharing Contracts
SIGTAS	Standard Integrated Government Tax Administration System
SOE	State-Owned Enterprise
TIN	Taxpayer Identification Number
ToR	Terms of Reference
UL	University of Liberia

## Executive summary

This draft Validation report presents the findings of the International Secretariat's Validation of Liberia, which commenced on 1 January 2022. The draft report was finalised for review by the multi-stakeholder group (MSG) on 24 March 2022. Following comments from the MSG on 22 April 2022, the Validation report was finalised for consideration by the EITI Board. The assessment suggests that Liberia has fully met 11 EITI Requirements, mostly met 12 and partly met two requirements, with seven requirements assessed as not applicable.

### Key achievements

- Following a crisis in Liberia EITI's governance in 2017-19, all stakeholders including the government have worked to re-establish the independence of the multi-stakeholder group (MSG). Proactive engagement by civil society is widely acknowledged by stakeholders as having played a key role in resolving the crisis. Liberia EITI (LEITI) has emerged from the governance crisis with renewed commitments from the three constituencies. The MSG provides a key platform for debates on the governance of the extractive industries in Liberia.
- Liberia's transition to flexible EITI reporting has considerably extended the scope of government disclosures of revenues from extractive companies, from a scope of around 20 companies under conventional EITI reporting to over 400 companies in the latest EITI Report. Government disclosures of revenues from smaller extractive companies is a significant development in the country's extractive industries that are dominated by many companies making relatively small payments to government. The Ministry of Mines and Energy has made efforts to strengthen systematic disclosures of license information through its [cadastral portal](#).
- Liberia has used its EITI reporting to ensure disclosures of information on the extractive industries issues of significant public interest, including on the terms of extractive contracts, licensing practices and companies' social expenditures.

### Areas for development

- Liberia has used its EITI reporting to make progress on new aspects of the EITI Standard, including on contract disclosure and beneficial ownership transparency. There is scope for LEITI to resume past practices of improving the accessibility of this information, for instance by renewing efforts to summarise key terms of contracts and involving communities in the assessment of companies' social expenditures, which are planned for 2022.
- While Liberia has used the EITI to begin work on the collection of beneficial ownership information from companies, including in sectors other than the extractive industries, a key priority will be to establish a legal and regulatory framework to ensure the public disclosure of this information. Such disclosures are expected to be particularly impactful given the public interest in company ownership in Liberia.
- The transition to "flexible" EITI reporting has improved the government's disclosures of extractive revenues, including those related to the environment, but has weakened disclosures of information by extractive companies, including on their social expenditures for the benefit of host communities. Given that this information has historically been in

high demand by stakeholders, particularly at the subnational level, it will be important for Liberia to establish a framework for company disclosures of social spending. The LEITI plans to commission a report on extractive companies' adherence to their social expenditure obligations in 2022, which will be an important step forward in this regard.

## Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

### *Stakeholder engagement*

Stakeholders in Liberia appear to have made concerted efforts to recover from a governance crisis in 2017-19, during which the incoming administration exceeded its mandate in its appointment of LEITI Secretariat staff and members of the MSG. The crisis appears to have been resolved, although constituency guidelines for the nomination of MSG members have not yet been publicly codified for industry and civil society appointments to the MSG. Following the interruption in EITI implementation in 2017-19, the government has made efforts to strengthen its leadership of EITI implementation. Engagement from industry has weakened since the period reviewed in the previous Validation. Decreased seniority of government engagement in and provision of funding for EITI implementation have impacted the MSG's decision-making, as well as the quality of follow-up on EITI recommendations. Despite the lack of constraints on company participation in the EITI process, there is little evidence that the broader constituency is consistently engaged in the EITI, particularly in the mining sector. Civil society engagement appears to have been consistent in this period, with robust advocacy from the constituency widely seen as a driver for resolving LEITI's governance crisis in 2019. The MSG's functioning appears to have become more consensual since 2020, although weaknesses in members' canvassing of their broader constituencies remain.

### *Transparency*

Liberia has used its transition to “flexible” EITI reporting to ensure comprehensive disclosure of government revenues from all companies in the extractive industries, including from the agriculture and forestry sectors, although not yet to levels of disaggregation required by the EITI Standard (by individual revenue stream and company). Further efforts are required to ensure that the EITI contributes to strengthening audit and assurance practices. Since the previous Validation, Liberia has made progress in using EITI disclosures as a diagnostic of practices in licensing, state participation, infrastructure provisions of extractive contracts as well as social and environmental expenditures. There is scope to improve the granularity of this review to meet the significant public interest in these topics. Stakeholders in Liberia have made efforts to establish rules and practices for the collection of beneficial ownership data from companies operating in all sectors, although a robust legal and regulatory framework for the public disclosure of this information is not yet in place, with only a minority of extractive companies' ownership information has been disclosed through EITI reporting to date. There has been some back-sliding on requirements met in the previous Validation, although further efforts to improve the government's systematic disclosures of production data, the full text of contracts and licenses as well as coverage of informal activities could address these shortcomings. There is significant scope for LEITI to work with relevant government entities and companies to strengthen systematic disclosures of EITI data, with a view to improve the timeliness and relevance of EITI data disclosures.

### *Outcomes and impact*

Liberia has made efforts to ensure that findings from EITI implementation are disseminated to key groups such as communities hosting extractive projects. While the interruption in EITI implementation in 2017-19 and the pandemic in 2020 have impacted outreach and dissemination efforts, there is evidence that communication efforts have resumed since 2021. However, inconsistent engagement from industry and government appear to have weakened the mechanism for consistent follow-up on EITI recommendations. Nonetheless, Liberia has continued to publish summary EITI data in open format, in accordance with the national policy for the release, use and reuse of data that has been adopted by LEITI. Liberia has made progress in regularly discussing the impact of EITI implementation since the previous Validation, although the review of LEITI's impact has not yet included views from stakeholders beyond the MSG. There is scope for this annual review of outcomes and impact to support further improvements in annual EITI work plan, in particular in further aligning objectives for EITI implementation with national priorities for the extractive industries.

## Validation scorecard

Component & module	EITI Requirement	Progress	Score	
<b>Outcomes and impact</b>		<b>Moderate</b>	<b>81.5/100</b>	
Extra points	Effectiveness and sustainability indicators		0.5	
Outcomes and impact	Work plan (#1.5)	Fully met	90	↑
	Public debate (#7.1)	Fully met	90	=
	Data accessibility and open data (#7.2)	Fully met	90	-
	Recommendations from EITI (#7.3)	Mostly met	60	↓
	Outcomes & impact (#7.4)	Mostly met	75	↑
<b>Stakeholder engagement</b>		<b>Moderate</b>	<b>75/100</b>	
Multi-stakeholder oversight	Government engagement (#1.1)	Fully met	90	=
	Industry engagement (#1.2)	Mostly met	60	↓
	Civil society engagement (#1.3)	Fully met	90	=
	MSG governance (#1.4)	Mostly met	60	=
<b>Transparency</b>		<b>Fairly low</b>	<b>69.5/100</b>	
Overview of the extractive industries	Exploration data (#3.1)	Fully met	90	=
	Economic contribution (#6.3)	Mostly met	75	↑
Legal and fiscal framework	Legal framework (#2.1)	Fully met	90	=
	Contracts (#2.4)	Mostly met	60	↓
	Environmental impact (#6.4)	Not assessed	-	-
Licenses	Contract and license allocations (#2.2)	Mostly met	75	↑
	License register (#2.3)	Fully met	90	↑
Ownership	Beneficial ownership (#2.5)	Partly met	30	-
State participation	State participation (#2.6)	Partly met	30	↑
	In-kind revenues (#4.2)	Not applicable	-	-
	SOE transactions (#4.5)	Not applicable	-	↑
	SOE quasi-fiscal expenditures (#6.2)	Not applicable	-	-
Production and exports	Production data (#3.2)	Mostly met	60	↓
	Export data (#3.3)	Fully met	90	=
Revenue collection	Comprehensiveness (#4.1)	Fully met	90	↑
	Barter agreements (#4.3)	Not applicable	-	↑
	Transportation revenues (#4.4)	Not applicable	-	-
	Disaggregation (#4.7)	Mostly met	60	=
	Data timeliness (#4.8)	Fully met	90	=
	Data quality (#4.9)	Mostly met	60	↑
Revenue management	Distribution of revenues (#5.1)	Mostly met	60	↑
	Revenue management & expenditures (#5.3)	Not assessed	-	-
Subnational contributions	Direct subnational payments (#4.6)	Not applicable	-	-
	Subnational transfers (#5.2)	Not applicable	-	-
	Social and environmental expenditures (#6.1)	Mostly met	60	=
<b>Overall score</b>		<b>Moderate</b>	<b>75/100</b>	

## How EITI Validation scores work

### Component and overall score

The three components of EITI Validation – “Transparency”, “Stakeholder engagement” and “Outcomes and impact” – each receive a score out of 100. The overall score represents an average of the component scores.



### Assessment of EITI Requirements

Validation assesses the extent to which each EITI Requirement is met, using five categories. The component score is an average of the points awarded for each requirement that falls within the component.



- **Exceeded** (100 points): All aspects of the requirement, including “expected”, “encouraged” and “recommended” aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed**: Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable**: The MSG has demonstrated that the requirement doesn’t apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat’s assessment, the situation is described in the assessment.



## 1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

### 1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in Liberia addresses nationally relevant extractive sector challenges and risks.

Liberia's successive EITI work plans, covering [2017-18](#), [2019-20](#), [2020-21](#) and [2021-22](#), have included some implementation objectives aligned with national reform priorities, although only three of the six objectives in the latest (2021-22) EITI work plan appear aligned with national priorities of increasing transparency and accountability in the extractives, reducing corruption and assessing the impact of the extractives on specific groups. The other objectives appear more narrowly related to EITI implementation. While the MSG has provided input to the development of the annual EITI work plan, the level of consultation with the broader constituencies remains unclear. The LEITI [Workplan Development Procedures](#) codify procedures for soliciting broader input to the work plan development, although there is no documentation of broader constituency consultations in the development of recent LEITI work plans.

The Liberia EITI work plan includes activities related to two pillars of Liberia's five-year [national development strategy](#) (on the economy and employment as well as governance and transparency). It also includes activities related to beneficial ownership, anti-corruption efforts as well as the social and environmental impacts of the extractive industries. The LEITI work plan includes some links to extractive sector challenges such as corruption, alongside other objectives related to EITI Requirements. Nonetheless, there is evidence that the MSG has considered opportunities to go beyond the minimum requirements of the EITI Standard. Liberia has long expanded its use of the EITI to cover other economically important sectors such as plantations (agriculture) and forestry, since 2009. More recently, the MSG has discussed the feasibility of extending EITI implementation to the fisheries sector and has formulated plans to prepare a scoping study on the sector in 2023. The 2021-22 work plan includes some general activities related to systematic disclosures, including the development of a "mainstreaming platform", but does not articulate clear plans for exceeding the minimum requirements of the EITI Standard beyond adding more economic sectors to the scope of EITI disclosures. A review of MSG meeting minutes indicates that the MSG has occasionally discussed issues related to extractive industry governance, such as licensing practices, local content and gender aspects of the extractive industries. The MSG's submission for this Validation highlighted the establishment of e-clubs aimed at raising awareness about EITI among students. The MSG has also made efforts to improve the accessibility of extractive industry information in particular demand by the public, including in the simplification of 26 extractive contracts through a simplified contract matrix developed in 2015 aimed at informing host communities of their rights and of the extractive companies' obligations. This contract matrix, developed in 2015 but which the MSG plans to update for amended and newly awarded contracts in 2022, has been a central feature of LEITI's dissemination and outreach efforts in six of the country's 15 counties since 2015.

Opinions of stakeholders consulted were mixed regarding whether Liberia's EITI implementation had led to the desired outcomes. Liberia's recent annual progress reports, covering [2017-18](#) and [2019](#), do not assess progress in achieving implementation objectives. Most stakeholders considered that Liberia's implementation objectives were still in the process of being fulfilled, not least given the impact of challenges in MSG governance in the 2018-19 period and the impact of the Covid-19 pandemic since 2020.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

## 1.2 Systematic disclosures of extractive industry data

There are limited systematic disclosures of EITI data beyond Liberia's annual EITI reporting, although the MSG has formulated general plans to improve systematic disclosures in the future. The MSG's submission for this Validation noted that some government agencies routinely disclosed some information required by the EITI but noted that government entities were considered to lack the required capacity to enhance their systematic disclosures. Nonetheless, the Ministry of Mines and Energy maintains a public mining [cadastral portal](#), developed by the Revenue Development Foundation (RDF), providing data on licensing (including license applications), legal owners and non-tax mining revenues. The newly established Liberia Petroleum Regulatory Authority (LPRA) provides information on bid procedures, including criteria, for oil and gas licensing rounds on its [website](#). Liberia's EITI reporting process has remained somewhat of a standalone exercise as government and company systems have not improved systematic disclosures. The MSG's latest EITI work plan, covering 2021-22, included activities related to updating the LEITI mainstreaming feasibility study, building awareness around systematic disclosures and developing a "mainstreaming portal", but does not include more detailed activities for advancing specific systematic disclosures. There are no other documented efforts to integrate EITI disclosures in government and company systems over the medium term.

There is however scope for further integration of the annual EITI disclosure process with routine government and company systems. There has been little focus by LEITI on the routine company reporting of production and revenues to the Ministry of Mines and Energy, with which EITI disclosures could conceivably be integrated. Broader reforms of the national oil company NOCAL and the splitting of its regulatory functions to the LPRA do not appear to have yet led to improvements in systematic disclosures, which could be leveraged to improve the efficiency of annual EITI reporting. There is clear potential for integrating EITI reporting of macro-economic contributions of the extractive industries and government extractive revenues through the government's routine budgetary and statistical publications. However, there is little focus in either the LEITI work plan or other LEITI documents on ongoing or planned reforms, which could present opportunities for institutionalising and mainstreaming EITI disclosures.

The Secretariat proposes that zero additional points be added to the score on Outcomes and Impact for this indicator.

## 1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.

There appears to be an enabling legal and regulatory environment for citizen participation in the extractive industries, including provisions for public hearings prior to the conclusion of Mineral Development Agreements (MDAs) and free prior informed consent (FPIC) as a guiding principle for forestry projects. However, documentation and consulted stakeholders' views indicate that there are significant deviations in the practical application of these mechanisms, with land rights disputes and protests against certain mining projects reflecting frustration of some members of civil society over the mechanisms for influencing decision-making in the extractive industries.

Minutes of MSG meetings do not reflect any discussion of the policies and practices related to citizen participation in extractive industry governance beyond the EITI. There has been no documented impact of EITI implementation on civic space related to extractive industries governance, including on communities in resource-rich regions. However, in its submission for this Validation, the MSG argues that the environment for citizen participation in extractives governance has improved considerably in recent years, which the MSG appears to attribute to EITI implementation. To substantiate this argument, the MSG refers to EITI outreach and dissemination focused on citizen engagement and town hall meetings aimed at disseminating EITI Reports, the EITI's matrix of extractive contracts and information about Social Development Funds in the 2018-2021 period. The MSG has also developed a standardised [constituency feedback mechanism](#) to solicit views. There is no documentation of linkages between these inputs on the one hand and outcomes and impacts related to broader civic space or communities in resource-rich regions on the other. The MSG established a network of focal persons in each of the country's 15 counties in 2016 as part of efforts to promote EITI outreach and solicit feedback at the subnational level, although the level of use of these mechanisms in practice remains unclear based on documentation provided and stakeholder consultations.

Civil society appears to be fully, actively and effectively engaged in all aspects of EITI implementation, despite some anecdotal evidence from stakeholder consultations around technical and financial capacity constraints. The constituency has received support from the African Development Bank to broaden consultations with civil society in five counties (Maryland, Grand Kru, Sinoe, River Gee, and Grand Gedeh) in 2021. Minutes of MSG meetings reflect the constituency's engagement on a range of EITI issues, including technical aspects of disclosures. Successive LEITI work plans have included activities related to capacity building for stakeholders engaged in EITI implementation. However, there is little evidence of a concerted effort by the MSG or other LEITI stakeholders to undertake a capacity development needs assessment of stakeholders engaged in EITI implementation, nor in mapping specific technical and financial capacity constraints.

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

#### 1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research and advocacy.

The limited systematic disclosures of EITI data on government websites are not in open format, aside from the option for bulk download of cadastre and non-tax revenue data from the Ministry of Mines and Energy's cadastral portal. While LEITI's 'temporary' open data policy adopted key provisions of the Liberia National Data Sharing and Exchange Policy ([NDSEP](#)) developed by the

Liberia Institute of Statistics and Geo-Information Services (LISGIS), data publication practices by government entities have not yet been revised in line with this policy to date. However, as highlighted in the MSG's submission for this Validation, LEITI has worked to ensure its data is inter-operable and machine-readable in accordance with the NDSEP. Summary files of Liberia's EITI data have been published in open format using the EITI's summary data template for all EITI Reports published to date. Two of the three EITI Reports Liberia has published since the last Validation in 2017 have been released in a sufficiently timely manner, i.e., within two years of the end of the fiscal period covered. Thus the 2015-16 EITI Report was published in January 2019 and the 2018-19 EITI Report was published in April 2021, while the 2016-18 EITI Report was published with some delay in December 2019. Liberia published a 42-page summary of the 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> EITI Reports (covering 2015-2018) in 2020 and issues [LEITI newsletters](#) on an ad hoc basis. While LEITI has clearly catered to public demands for information on the plantations (agriculture) and forestry sectors by broadening the scope of EITI implementation to these sectors since the early period of implementation (in 2009), there appear to have been less innovations in EITI disclosures in recent years. Nonetheless, Liberia's latest EITI Report (2018-19) provides some additional information on the impact of the Covid-19 pandemic on the extractive industries as well as forward-looking projections for the sector, in accordance with the Board-approved procedure for 'flexible' EITI Reports.

There is little evidence of different stakeholders' use of data from Liberia's EITI Reports, either in documentation submitted for this Validation or from stakeholder consultations. However, there is widespread national press coverage of EITI, focusing on the mechanics of EITI implementation such as MSG approval of EITI Reports (such as [the 12<sup>th</sup> LEITI Report](#)), EITI-related capacity building (such as [in December 2021](#)) and Liberia's status within the global EITI ([during the governance crisis](#)) rather than the findings or recommendations of EITI Reports or any specific EITI data points. Whereas LEITI traditionally held extensive outreach and dissemination campaigns at the subnational level in resource-rich communities, evidence of outreach in the 2017-2022 period slowed considerably, with only three EITI events held in 2020-2021 focused on the commemoration of Anti-Corruption Day (two events in December 2020) and dissemination of the 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> EITI Reports (covering 2016-2018) in September 2021. There appears to be no evidence that the EITI has led to increased public debate at either the national or subnational levels. There are however opportunities for strengthening EITI implementation and its contribution to priorities of public interest by addressing non-required aspects of the 2019 EITI Standard, including in areas of extractive companies' voluntary social and environmental expenditures, gender impacts of the extractive industries and issues related to revenue management and expenditures.

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

### 1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices.

There is limited evidence of the MSG and relevant government stakeholders using EITI recommendations to change government and extractive companies' policies and practices in the 2017-2021 period. The MSG appears to follow up on recommendations from EITI Validation,

although it is less clear whether there is a consistent mechanism for following up on recommendations from EITI Reports. There is however some evidence of LEITI raising awareness and advocating for reforms in practices and administrative procedures, in particular related to beneficial ownership. While the legal and regulatory framework for beneficial ownership reporting and disclosure is still being developed (only Petroleum Exploration and Production Act requires public disclosure of BO data at present), LEITI has collaborated with the Liberian Revenue Authority (LRA) and the Liberia Business Register (LBR) to procure software and establish a public beneficial ownership register, although the target completion date remains unclear.

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

## 2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

### Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p><b>Work plan (Requirement #1.5)</b></p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 1.5 is fully met, over the period assessed in the previous Validation. Liberia has a current and updated <a href="#">EITI work plan, which reflects some national priorities</a> for the 2021-22 period, agreed by the MSG in October 2021. Members of the MSG consulted appeared broadly content with the LEITI work plan as a monitoring and evaluation tool. Some stakeholders consulted noted that the current LEITI work plan did not cover areas where LEITI was playing a role, such as input to ongoing or planned legal and regulatory reforms such as amendments to the Mining Act.</p> <p>Previously, the MSG's approved a <a href="#">strategic plan</a> covering 2017-20, which has not been renewed. However, the MSG did not have an annual work plan agreed or published between June 2018 and 31 December 2019. Thus, there have been significant periods of time when the MSG did not have a current work plan in place, which coincided with the LEITI governance crisis. The current EITI work plan covers 18 months (1 July 2021-31 December 2022) to harmonise it with government's alignment of fiscal year with the calendar year from January 2022.</p> <p>Liberia's <a href="#">2021-22 EITI work plan</a> is publicly accessible and appears to cover most aspects of Requirement 1.5. The current work plan includes a section setting out objectives that are linked to national priorities, with the MSG noting in its 'Stakeholder engagement' template that the work plan objectives were developed to support key provisions of Liberia's <a href="#">5-year national development</a></p>

	<p><a href="#">policy</a> on employment and governance. The work plan development process is guided by the LEITI <a href="#">Work plan Development Procedures</a>, which prioritises stakeholder engagement. Stakeholder consultations indicated that the MSG adopted a consultative approach to developing the 2021-22 work plan, with some outreach to the broader civil society constituency in the development of the work plan although evidence of outreach within the industry constituency is less clear.</p> <p>The work plan outlines measurable and time-bound activities aimed at addressing the LEITI Secretariat's and stakeholders' capacity constraints, strengthening systematic disclosures, improving the engagement of legislators in the EITI process and use of EITI data in contracts ratification, implementing the recommendations from Validation and EITI implementation, and strengthening contract disclosure and beneficial ownership reporting. The work plan is costed and identifies funding sources, primarily the government and the African Development Bank (AfDB) but highlights a funding gap of 24%. The work plan includes some activities related to regulatory reform, such as the development of beneficial ownership regulations, but does not include activities related to legal or administrative reforms, such as providing input to the ongoing developments of amendments for the Mines and Minerals Act or following up on key recommendations in the 12<sup>th</sup> LEITI Report related to strengthening government oversight of mineral production and state equity in mining companies. Key activities undertaken by LEITI such as input to the development of amendments to the Mines and Minerals Act are not reflected in the work plan, despite efforts since 2020. Stakeholders consulted considered the lack of activities related to such legal reforms as an oversight and noted that LEITI provided input to legal reforms even if the work plan did not explicitly cover this.</p> <p>Nonetheless, the work plan is linked to the LEITI Monitoring and Evaluation Framework as articulated in the 2017-20 Strategic Plan, which requires the annual work plan to cover monitoring and evaluation activities and the annual progress report to review progress against objectives.</p>
<p><b>Public debate (Requirement #7.1)</b></p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 7.1 is fully met. Several stakeholders from different constituencies noted that the pace of LEITI outreach and dissemination had slowed, initially due to the interruption in the EITI process in 2017-19 and subsequently due to the impact of the COVID-19 pandemic. Opinions were split over whether LEITI could have undertaken more outreach in 2021, given financial constraints. Several stakeholders consulted outside of the MSG considered that the objective of enabling evidence-based public debate on extractive industry governance through active communication of relevant LEITI data to key stakeholders was not yet fulfilled. However, the MSG's comments on the draft assessment argued forcefully that the objective of robust and dynamic dissemination of LEITI data was fulfilled through the institutionalisation of LEITI focal points in each of Liberia's 15 counties.</p> <p>Liberia produced the 9<sup>th</sup> (<a href="#">2015-16</a>), 10<sup>th</sup>&amp;11<sup>th</sup> (<a href="#">2016-18</a>) and 12<sup>th</sup> (<a href="#">2018-19</a>) LEITI Reports in the period under review, in December 2018, December 2019 and April 2021 respectively. While outreach, dissemination and communications activities were interrupted by the broader gap in implementation in 2017-19, the MSG resumed some limited outreach efforts in the latter half of 2019 before being interrupted again in early 2020 by the</p>

	<p>Covid-19 pandemic. While most MSG members considered that dissemination efforts during the entire 2020-21 period were interrupted by the pandemic, several other stakeholders not directly represented on the MSG considered that it would have been possible to ensure more targeted online EITI dissemination and outreach in 2021.</p> <p>The MSG has produced and disseminated a <a href="#">summary of findings</a> from the 9<sup>th</sup> and 10<sup>th</sup>&amp; 11<sup>th</sup> LEITI Reports. There is evidence of LEITI producing infographics and other visualisations drawing from the EITI Reports particularly up to 2017, although reports of outreach activities in 2021 indicate that the development of visualisations resumed in the last year of implementation when some outreach and dissemination activities resumed. The 2021-22 work plan includes plans for a summary of the 12<sup>th</sup> LEITI Report, although this had not yet been done at the start of Validation. The summary reports have been disseminated through different channels including town-hall meetings in different counties across the country. LEITI utilizes its focal persons resident in at least nine of the 15 counties to coordinate outreach and dissemination activities, including in the townhall meetings. The LEITI Secretariat has led some limited outreach and dissemination efforts in late 2019, and the MSG appoints one member from each constituency to participate in each event, ensuring some multi-stakeholder engagement in outreach. LEITI has disseminated annual progress reports, summary EITI Reports and the simplified contract matrix developed in 2015 through events in the various counties and youth engagement programmes, although this was largely interrupted in the 2018-20 period, with a limited resumption of activities in 2021. Several stakeholders consulted noted MSG plans to update the 2015 contract matrix in light of new concessions and contracts but could not estimate the timeframe for doing so due to funding constraints. The MSG has made some effort to take gender considerations into account by convening a <a href="#">workshop</a> on enhancing women’s participation in the extractive industries. Young people have been considered through LEITI’s engagement with the Extractive Club Programme operated with public schools, which includes an EITI-related essay competition for school students.</p> <p>However, the MSG’s submission for this Validation and its comments on the draft assessment indicate that there had been two LEITI outreach and dissemination event in 2020 and five events in 2021. Although the public events were limited in the period 2020–2021 due to COVID-19 restrictions on public gathering, LEITI has sometimes used radio programmes and updates to its <a href="#">Facebook page</a> to engage stakeholders on EITI issues, programmes, and activities. LEITI has hired a Communications Officer and updated its <a href="#">Communications Strategy</a> to cover the period 2021-2023, agreed and published in late 2021. The updated strategy document addresses specific challenges and gaps identified in communicating with various target groups since 2015 and aims to provide a roadmap for LEITI awareness campaigns.</p> <p>There is some evidence that EITI data is used to inform parliamentary debate and policy making, with anecdotal evidence that lawmakers reference EITI data in discussion of natural resource governance during public appearances (e.g., radio programmes). The civil society constituency, PWYP Liberia, in particular, appears to make use of the EITI for advocacy and lobbying, although there is less evidence of analytical research or studies that make use of EITI data. Several consulted stakeholders considered that the lack of use of LEITI data in</p>
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	<p>research and advocacy was due to both weaknesses in capacity and insufficient efforts to disseminate and promote LEITI data online. There is some documented evidence of use of EITI data or findings through news reports on the extractive industries, primarily in the newspaper Daylight's coverage (in <a href="#">October 2021</a>, <a href="#">December 2021</a> and <a href="#">January 2022</a>). National and international press coverage of Liberia EITI in the 2018-19 period focused on developments related to LEITI's governance, including in the main national newspapers. There was slightly more press coverage of EITI disclosures in the 2020-21 period, mostly focused on the launches of EITI Reports, with the exception of the Daylight's coverage, with some commentary on the impact of the Covid-19 pandemic on aggregate extractive revenues by other newspapers. Press coverage has not focused on recommendations from EITI reporting or other LEITI findings and data on the extractive industries.</p> <p>In its comments on the draft assessment, the MSG argued that the LEITI dissemination process is robust and dynamic, highlighting the role of the 15 LEITI focal persons, each based in the different counties of Liberia and roughly gender equal, in driving dissemination and outreach at the subnational level. The MSG argued strongly that the team of LEITI focal persons engaged residents of their respective communities on a regular basis throughout the period under review. The Secretariat's view is that it is challenging to dissociate the impact of the LEITI governance challenges and of the subsequent COVID-19 pandemic from the slow-down in LEITI outreach and dissemination activities. Despite the interruption of outreach and dissemination activities after 2017, there is evidence of the MSG's greater focus on outreach since the second half of 2021. The Secretariat is also conscious of the limitations of remote stakeholder consultations for Validation, particularly with regards to efforts to promote the EITI's use in public debate. The LEITI Secretariat and MSG have made efforts to overcome the constraints and established a communications strategy to structure outreach and dissemination moving forward, although the strategy had not yet started being implemented in the period under review. The Secretariat considers weaknesses in stakeholder engagement are covered elsewhere (see <i>Requirement 1</i>) and that, on balance, there has not been backsliding since the previous Validation given the resumption of activities in the year prior to Validation.</p>
<p><b>Data accessibility and open data (Requirement #7.2)</b></p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 7.2 is fully met. Stakeholders consulted did not express any particular opinions on whether the objective of enabling the broader use and analysis of information on the extractive industries through the publication of data in open format had been fulfilled, although one noted that most information on the LEITI and other government websites was not in open format. The secretariat's view is that the underlining objective has been fulfilled given the alignment of LEITI's open data policy and practices with national policy on the release and promotion of open data.</p> <p>The LEITI MSG has an open data policy (<a href="#">Page 1</a> and <a href="#">page 2</a>) which is essentially an adoption of both the <a href="#">Liberia National Data Sharing and Exchange Policy (NDSEP)</a> - developed by the Liberia Institute of Statistics and Geo-Information Services (LISGIS), and the open data provisions in the Liberia OGP National Action Plan for 2020-2022. The NDSEP particularly defines the principles and guidelines for sharing data and making it available (using recognised standards and statistical classification schemes) and accessible to all stakeholders, with minimum delay and at no cost. The policy specifies that</p>



	<p>“there will be full and open exchange of data, metadata, statistics and other information products among government ministries and agencies, and other stakeholders, recognising relevant policies and legislation, as well as international instruments and standards.” The MSG’s comments on the draft assessment note that it resolved to adopt the NDSEP for use on LEITI data, to avoid duplication in developing a new open data policy. The policies are published on the LISGIS and LEITI websites.</p> <p>LEITI has published summary data files for all fiscal years covered by EITI reporting (up to and including 2018-19), and they are accessible on its refurbished website. The data from the EITI Report is published as excel tables on the LEITI website in the ‘EITI Reports’ section. The accessibility of the published summary data on the LEITI website could be improved given that all files are listed in a single section (under <i>key documents</i>), although they are also accessible through the website’s search function as highlighted in the MSG’s comments on the draft assessment. There are limited systematic disclosures of EITI data in government systems, although there have been important advances in license information. The Ministry of Mines and Energy maintains an online <a href="#">cadastral portal</a> that provides for bulk download in machine-readable open data format (.csv) on licensing (including license applications), legal owners and non-tax mining revenues. The EITI Report remains the primary means of disclosure of the majority of data required by the EITI Standard.</p>
<p><b>Recommendations from EITI implementation (Requirement #7.3)</b></p> <p><i>Mostly met</i></p>	<p>The Secretariat’s assessment is that there is evidence of backsliding on the assessment of ‘satisfactory progress’ in the previous Validation and that Requirement 7.3 is mostly met. Opinions were split over whether the objective of EITI implementation ensuring a continuous learning process that contributes to policymaking was being fulfilled. Several stakeholders consulted from all constituencies highlighted that more senior government engagement in the MSG was needed, together with a robust mechanism for following up on EITI recommendations, in order for the EITI to lead to more reforms in practice.</p> <p>There is evidence of the MSG discussing findings, lessons learned and recommendations from EITI reporting and implementation, as reflected in minutes of MSG meetings. While there appears to be a general system in place for the MSG to track the LEITI Secretariat’s follow-up on recommendations, this does not yet appear to constitute a robust mechanism for consistently following up on EITI recommendations.</p> <p>Recommendations from Liberia’s 9<sup>th</sup>, 10<sup>th</sup>-11<sup>th</sup> and 12<sup>th</sup> EITI Reports published since the last Validation range from proposals to strengthen the mechanics of EITI implementation (e.g., appointing focal points in each government entity) to recommendations for reform of government systems (e.g., improving the Ministry of Mines and Energy’s oversight of mining production and strengthening its tracking of government equity interests in mining companies).</p> <p>The LEITI work plan includes activities related to generally following up on recommendations as well as to implementation of recommendations related to EITI implementation, while the annual progress report provides a cursory overview of the status of follow-up on each recommendation. However, the latest annual progress report produced covers 2019 given delays in producing the 2020 annual progress report due to the Covid-19 pandemic (see <i>Requirement 7.4</i>). The EITI Reports provide an overview of the status of follow-up on previous EITI Report recommendations. The 12<sup>th</sup> LEITI Report noted that</p>

	<p>none of the recommendations of the previous report had yet been addressed. The MSG's 'Outlook and impact' template for this Validation tracked progress against 16 corrective actions and recommendations from Liberia's last Validation in 2017, but not on the status of follow-up on recommendations from Liberia's own EITI reporting. The MSG had developed the 2017-20 strategy based on its review of lessons learned over the 2015-17 period, but this medium-term strategy lapsed and was not updated due to the impact of the Covid-19 pandemic.</p> <p>In practice, the MSG's mechanism for following up on recommendations appears to be to delegate this follow-up to the LEITI Secretariat, which holds meetings with entities relevant to specific recommendations. Opinions of stakeholders consulted were split over whether this mechanism was effective in practice. Most MSG members considered that the mechanism was effective, highlighting input that LEITI had made on draft Mining Act and FIU Act amendments related to beneficial ownership. Several other stakeholders however considered that the mechanism could be considerably strengthened by greater involvement of the MSG, and by more senior government participation on the MSG.</p> <p>LEITI's contribution to public debate is clearer than its impact on strengthening government and company systems. There is little evidence of the follow up on EITI recommendations leading to reforms of government systems in the 2017-21 period. There have been tangible contributions by LEITI to legal reforms related to beneficial ownership, for instance in the Liberian Petroleum Regulatory Act in 2016. However, the lack of effective MSG oversight in the 2017-2019 period and the delegation of MSG engagement to lower-level government proxies has meant that the mechanism for follow up on recommendations in the period reviewed under the last Validation did not effectively function. While the MSG has been reconstituted with an operational national secretariat, the system of delegation of follow-up on recommendations to the LEITI Secretariat (with its capacity constraints – see <i>Requirement 1.4</i>) is not sufficient to ensure effective follow-up on recommendations.</p>
<p><b>Review the outcomes and impact of EITI implementation (Requirement #7.4)</b></p> <p><i>Mostly met (with considerable improvements)</i></p>	<p>The Secretariat's assessment is that Requirement 7.4 is mostly met, with considerable improvement over the previous Validation. The few stakeholders consulted who expressed a view on the issue did not consider that the objective of regular public monitoring and evaluation of Liberia's EITI implementation had yet been fulfilled. However, the Secretariat's view is that there has been more progress towards this objective than in the previous Validation, given evidence of the MSG's discussions of efforts to strengthen the impact of EITI on natural resource governance, even if documentation of these discussions is weak.</p> <p>Following the gap in EITI implementation more generally in 2017-19, the LEITI produced an annual activity report covering <a href="#">2017-2018</a> in December 2019, and an annual progress report covering <a href="#">2019</a> in December 2020. The MSG did not produce an annual progress report covering 2020 as of the start of Validation in January 2022, but stakeholders consulted explained that this was due to the impact of the Covid-19 pandemic and that an annual progress report covering 2020-21 combined was expected to be published in the first half of 2022. Thus, the Secretariat considers that the delays in publication of a review of outcomes and impact of EITI implementation for 2020 are reasonable considering the broader context.</p>

	<p>The 2019 annual progress report follows the standard EITI template, and covers the majority of Requirement 7.4.a, including a review of performance against target work plan activities, an assessment of the country's performance against each of the EITI requirements, and an overview of responses to recommendations of the EITI Reports. Documentation provided and stakeholder views indicated some outreach within the industry and civil society constituencies on the annual progress report, although the level of input to the work plan is unclear.</p> <p>Although the annual activity and progress reports provide a short description of the strengths and weaknesses in EITI implementation in the year under review (2017-19), it does not include a review of the impact of EITI implementation to date nor documentation of efforts to strengthen the impact of EITI implementation on natural resource governance. While the 2017-20 <a href="#">strategic plan</a> (published in 2017) identified actions aimed at strengthening the impact of EITI implementation, no review of the plan to measure the performance and impact of the activities therein appears to have been carried out in the period under review. However, as highlighted in the MSG's comments on the draft assessment, the MSG convened a two-day retreat in Grand Bassa County in February 2021 to discuss the impact of EITI implementation on natural resource governance, as well as LEITI governance processes. Yet the <a href="#">report</a> on the MSG's retreat does not document stakeholder views on the impact of the EITI process to date or on ways of strengthening the EITI's impact in future in accordance with Requirement 7.4.a.v. There is some evidence in MSG meeting minutes of discussions related to progress in work plan implementation as well as some of the outcomes, although the MSG does not yet appear to have published a document that captures views of stakeholders beyond the MSG on the outcomes and impact of the EITI process.</p> <p>In its comments on the draft assessment, the MSG argued that the assessment of Requirement 7.4 should be upgraded to fully met, given evidence of MSG discussions of the outcomes and impact of the EITI process. The comments also highlighted the development and submission by LEITI and the government's other integrity institutions of a resolution to the Presidency of Liberia on ways of strengthening anti-corruption efforts. The comments also highlighted the LEITI Secretariat's participation in three Inter-Agency Retreats in 2020-21 to develop a Memorandum of Understanding to increase awareness of transparency, legal confidentiality requirements and inter-agency information-sharing related to the forestry sector, which was signed in December 2021. However, the Secretariat's view is that, despite improvements since the previous Validation, the requirement for all relevant stakeholders including those not directly represented on the MSG to contribute to the MSG's annual review of outcomes and impact, and for this review of outcomes and impact to be publicly accessible, has not yet been comprehensively addressed.</p>
<b>New corrective actions and recommendations</b>	
<ul style="list-style-type: none"> <li>• To strengthen implementation, Liberia is encouraged to regularly revisit the objectives of its work plan, ensuring that they remain linked to the EITI Principles and reflect national priorities for the extractive industries. Liberia is encouraged to use its annual EITI work plan to identify and outline plans to address any potential legal or regulatory obstacles to EITI implementation, including, if applicable, any plans to incorporate the EITI Requirements within national legislation or regulation</li> </ul>	

such as amendments to the Minerals and Mines Act. Liberia is also encouraged to regularly review the implementation of the workplan in line with the monitoring and evaluation framework.

- To strengthen implementation, Liberia is encouraged to ensure that outreach events, whether organised by government, civil society or companies, are consistently undertaken to spread awareness of and facilitate dialogue about governance of extractive resources, building on EITI disclosures across the country in a socially inclusive manner. Liberia is encouraged to undertake capacity-building efforts, especially with civil society and through civil society organisations, to improve understanding of the information and data from the EITI Reports and online disclosures and encourage use of the information and findings by citizens, the media and others.
- To strengthen implementation, Liberia is encouraged to improve the accessibility of the data tables from EITI Reports published in an open data format online, including all tables, charts, and figures from EITI Reports. Liberia is encouraged to make systematically disclosed data machine readable and inter-operable, and to code or tag EITI disclosures and other data files so that the information can be compared with other publicly available data.
- In accordance with Requirement 7.3, Liberia should establish a robust mechanism for acting upon lessons learnt; to identify, investigate and address the causes of any information gaps and discrepancies; and to consider the recommendations resulting from EITI implementation.
- In accordance with Requirement 7.4, Liberia should document the MSG's annual review of impact and outcomes of EITI implementation in an annual progress report or through other means agreed by the MSG. This should include any actions undertaken to address issues that the MSG has identified as priorities for EITI implementation. The annual review of impact and outcomes must include a narrative account of efforts to strengthen the impact of EITI implementation on natural resource governance, including any actions to extend the detail and scope of EITI reporting or to increase engagement with stakeholders. All stakeholders should be able to participate in reviewing the impact of EITI implementation. Civil society groups and industry involved in the EITI, particularly, but not only those serving on the MSG, should be able to provide feedback on the EITI process and have their views reflected in the annual review of impact and outcomes.

### 3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

#### Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report. Annex A provides a detailed review of progress in addressing Requirement 1.4 on MSG governance.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<b>Government engagement (Requirement #1.1)</b>  <i>Fully met</i>	The Secretariat's assessment is that Requirement 1.1 is fully met. Opinions were split over whether the objective of full, active and effective government lead for EITI implementation had been fulfilled. Several stakeholders from different constituencies considered that the lack of regular senior government engagement and statements of support for the EITI were significant impediments in a centralised government system like Liberia. Some development partners highlighted with concern that LEITI received the lowest

	<p>funding of all integrity institutions of the Government of Liberia. Several stakeholders consulted considered that government engagement in EITI was not being led by high-level involvement from ministries responsible for finance or extractives. However, in its comments on the draft assessment, the MSG argued strongly that it considered the objective of full, active and effective engagement by the government to have been fulfilled in the 2019-21 period particularly, in both the resolution and aftermath of the LEITI governance crisis in 2018-19.</p> <p>The period under review (2017-21) was marked by Liberia's first peaceful transition of government administrations in early 2018 and the COVID-19 pandemic since 2020. EITI implementation was effectively interrupted by the political transition and the new government's deviations from provisions of the LEITI Act in 2018. Implementation of the EITI has effectively resumed since the second half of 2019, although the seniority of the government's representation in EITI activities since 2019 appears lower than in the period reviewed under the previous Validation (2013-17).</p> <p>The 2009 Liberia EITI (LEITI) Act provides a robust legal basis for ensuring the government's continued commitment to EITI at the most senior levels, as highlighted in the MSG's comments on the draft assessment. The seniority of the government officials in the lead of EITI implementation in the 2017-21 period has been lower than previously, now at the Head of Department level rather than the Deputy Minister or Minister level in the 2009-2016 period. While President Weah is regarded as the EITI Champion, the MSG has been chaired by the FDA's C. Mike Doryen and co-chaired by Minister of Mines and Energy Gesler E. Murray since 2018. They replaced Minister of Finance Boima Kamara and Minister of Mines and Energy Patrick Sendolo respectively. While the current chair and co-chair appear to have the confidence of all MSG members, several stakeholders consulted considered that the lack of participation of the Minister of Finance meant that EITI was not as highly prioritised as previously. However, the MSG's comments on the draft assessment argued that the participation in the EITI process of Assistant and Deputy Ministers, who are considered senior government officials, ensured effective government engagement and leadership of EITI implementation. They also noted the Minister of Finance's participation in a <a href="#">December 2018 MSG meeting</a> and in a meeting with the International Secretariat delegation to Monrovia in late 2019 as evidence of the Minister's support and engagement.</p> <p>There have been regular public statements of support for the EITI from the MSG chair, Forestry Development Authority (FDA) Managing Director C. Mike Doryen, throughout the period, including at the launches of the <a href="#">10<sup>th</sup> and 11<sup>th</sup> LEITI Reports</a> and the <a href="#">12<sup>th</sup> LEITI Report</a>. There have been fewer public commitments to the EITI from senior government officials. Deputy Finance Minister Samora P. Z. Wolokollie expressed strong support for the EITI at the <a href="#">launch</a> of Liberia's Opening Extractives programme in September 2021, and Assistant Minister for Revenue and Tax Policy (Ministry of Finance and Development Planning) T. Ojuku Nyenpan expressed strong commitment at the MSG's December 2021 retreat. There is some evidence of involvement by other senior government ministers and from President George Weah in the period 2018-21, including participation in EITI activities and related statements of support by Assistant and Deputy Ministers as well as President Weah's (undocumented) statements of support for LEITI at the appointment</p>
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	<p>of the new MSG in <a href="#">November 2021</a>. The MSG argues in its comments on the draft assessment that it does not consider that regular public commitments to the EITI are required of senior government officials given LEITI's legal institutionalisation and the alignment of EITI implementation with the government's policy agenda. The MSG also noted that the government's commitment to 'Opening Extractives' consisted of a commitment to ensure that all responsible government agencies prioritise the programme within government, including in the provision of resources.</p> <p>Available documentation and stakeholder consultations indicate that the government has actively participated in most aspects of EITI implementation in this period, although there is evidence that it exceeded its mandate in appointing a new Head of Secretariat and seeking to influence nominations to the MSG in 2018. While the incoming administration rescinded the decisions on LEITI officeholders following public outcry and intervention by the EITI Board in 2019, this governance crisis caused delays in Liberia's EITI implementation. This development raised concerns among stakeholders, particularly from civil society, about government commitment to safeguarding the integrity of the EITI Principle as codified in the LEITI Act and the EITI Standard. The MSG subsequently recruited a new Head of Secretariat and a Deputy Head following the procedures set out in the LEITI Act and MSG Policy Manual, as highlighted in the MSG's comments on the draft assessment.</p> <p>Nonetheless, government continued to play an active role in the EITI process in this period. Government representation on the MSG appears to include all appropriate government ministries, departments and agencies. Other relevant agencies like the Liberia Business Registry (LBR) and the Financial Intelligence Unit (FIU) are represented on the MSG through their line ministries and participate in Liberia's Opening Extractives programme. Attendance of government officials at MSG meetings appears relatively consistent. The MSG includes five Ministers as members in accordance with the LEITI Act, who have attended meetings on a few occasions but have generally delegated attendance to proxies, usually their respective Deputy- or Assistant-Ministers, particularly from the Ministry of Finance. Key government entities appear to provide the required data for EITI reporting. The MSG organised the appointment of EITI focal points within each relevant government entity in 2021 to facilitate annual data collection and follow-up to recommendations from EITI reporting. In its comments on the draft assessment, the MSG argued that senior government representation is not feasible at every MSG meeting given their other responsibilities, but that the MSG's view is that delegation to proxies in the 2019-21 period nonetheless ensured effective engagement by the government in all aspects of EITI implementation. The MSG's comments noted that delegation was to Assistant or Deputy Ministers, who consistently kept the nominated government MSG members updated on developments and have at times led to Cabinet-level discussions of the EITI. They also noted that all government appointees attending LEITI activities are provided with the authority to influence decision-making.</p> <p>The government has provided resources for the LEITI national secretariat in the 2017-20 period, even when development partners pulled out and the implementation was interrupted. However, the government's initial appointment of a Head of Secretariat, Gabriel Nyenkan, without the MSG's</p>
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	<p>oversight, despite provisions of the LEITI Act to that effect, was the act that prompted the governance crisis in LEITI in 2018. The crisis is extensively described in the Board’s review of adherence to Requirement 1 in Liberia in June 2019 and February 2020.<sup>1</sup> Following outcry from civil society and a mission by the International Secretariat, the government-appointed HoS was replaced by one appointed through a competitive recruitment process, Jeffrey Yates. The staff of the Secretariat that had been initially appointed by the government in 2018 were gradually replaced in the 2019-20 period. The Secretariat transitioned to a competitive recruitment process since the fourth quarter of 2019. Following the passing of the Deputy HoS in May 2021, the position has remained vacant pending recruitments. This appears to have placed additional work demands on existing secretariat staff.</p> <p>Available data suggests that the government has sought to ensure sufficient funding for EITI implementation, although significant funding gaps in 2016-19 constrained the execution of certain work plan activities such as dissemination. The government continued to cover the salaries of secretariat staff and costs of EITI implementation in a diminished way during the 2018-19 governance crisis, but development partners withdrew from the process. According to LEITI data, government funding rose from USD 208,709 in 2018 to USD 406,286 in 2019, before reverting to USD 254,925 in 2020 and USD 276,052 in 2021. However, data from the <a href="#">2022 draft government budget</a> indicates that total government disbursements to LEITI totalled USD 1,296,003 in 2020-21, before falling to USD 102,449 in FY2021, inclusive of staff salaries. While this cut-back was in line with other austerity measures by the government, several stakeholders consulted noted that the LEITI budget had been reduced the most when compared with the government’s other integrity institutions. Government projections include budgets of USD 490,849 for LEITI in 2022, USD 335,245 in 2023 and USD 514,216 in 2024. Several development partners raised significant concerns over the significant drop in government funding for LEITI, noting that it was the national integrity institution whose budget had been cut most significantly in recent years. Several stakeholders considered that LEITI’s challenges in filling vacant national secretariat positions was due to the low level of staff salaries. The government’s re-commitment to the EITI in 2019 helped restore development partners’ confidence in the process, with DfID approving a grant of USD 106,000 for the publication and dissemination of the 2016-18 EITI Report. The government accounts for 40% of funding in Liberia’s current (2021-22) EITI work plan, although a funding gap of 24% of planned expenditures remains outstanding in the work plan. In its comments on the draft assessment, the MSG highlighted that the current and previous governments continued to provide budgetary funding for EITI implementation despite challenging circumstances. The MSG highlighted the provision of USD 272,000 in emergency six-month funding in 2019 (covered in the <a href="#">national media</a>) to support the revitalisation of the LEITI Secretariat following Liberia’s suspension by the EITI Board.</p> <p>Evidence submitted in the MSG’s Outcomes and Impact template indicates that government officials have consistently participated in LEITI dissemination and outreach activities. However, this engagement in public debate has been led by government MSG members and there is little evidence of the</p>
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<sup>1</sup> See EITI Board decisions [2019-42](#) and [2020-21](#) and the EITI Board’s Implementation Committee review of Liberia’s adherence to Requirement 1 in February 2020 ([IC Paper 08-2](#)), accessible only to EITI Board members.

	<p>government more broadly driving outreach and dissemination, including on the part of officials not directly represented on the MSG. Nonetheless, there is evidence of government officials taking action to overcome barriers to implementation, including through follow-up with material companies that had not disclosed their beneficial ownership in the 2018-19 EITI Report. The government appears to have taken steps to follow up on recommendations from EITI reporting and Validation, although several stakeholders consulted considered that the government's follow-up on EITI recommendations was not sufficiently effective (see <i>Requirement 7.3</i>).</p> <p>In its comments on the draft assessment, the MSG argued forcefully for an upgrade in the assessment of Requirement 1.1 to fully met, based on its view that government engagement was sufficiently full, active and effective for the needs of EITI implementation. The Secretariat's view is that it is important to acknowledge the significant improvements in government engagement in the EITI process since the 2018-19 period, when implementation was disrupted by the LEITI governance crisis. While the Secretariat's view is that the assessment of Requirement 1.1 is borderline between mostly met and fully met, it considers that, on balance, the objective of full government engagement has been achieved in the period since the resolution of the LEITI governance crisis.</p>
<p><b>Industry engagement (Requirement #1.2)</b></p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that there has been backsliding on the assessment of 'satisfactory progress' in the previous Validation and that Requirement 1.2 is mostly met. Consulted stakeholder views on whether the objective of full, active and effective engagement industry engagement had been fulfilled were split. Some on the MSG considered that the larger mining, forestry and agriculture companies selected to participate in EITI reporting broadly complied. Several other stakeholders considered that industry engagement in the mining sector particularly had been lacking, with only one representative seeking to coordinate the mining constituency without support from an industry association and gaps in company participation in the 2018-19 EITI Report seen as a particular concern. Stakeholders highlighted the creation of a Chamber of Mines in 2022, which was considered by stakeholders as likely to have a role in EITI in future. Some stakeholders consulted considered that the industry constituency had not been proactive either during the LEITI governance crisis of 2017-19 or since then, particularly in canvassing the broader constituency or in engaging in outreach and dissemination. However, in its comments on the draft assessment, the MSG argued that it considered the objective of full, active and effective industry engagement to have been fulfilled, highlighting the participation of a representative from the Liberia Timber Association in <a href="#">dissemination events</a> in Bomi, Cape Mount and Gbarpolu Counties in 2021. Nonetheless, the Secretariat's view is that the broader objective of full, active and effective industry engagement was mostly fulfilled in the period under review given weaknesses in constituency coordination mechanism beyond LEITI's outreach to the constituency, particularly in the mining sector. The establishment of a functioning Chamber of Mines in 2022 is an important step towards establishing these constituency coordination mechanisms for the mining sector.</p> <p>Available documentation and stakeholder consultations indicate that industry representatives on the MSG actively participate in EITI activities. The industry</p>



	<p>constituency’s representation on the MSG appears to generally reflect the structure of the country’s extractive industries, insofar as it consists of one member from each sector (oil and gas, mining, forestry and agriculture). The forestry sector is represented through the industry association (Liberia Timber Association), while the oil and gas sector is represented by the general Liberia Business Association (LBA). Stakeholders consulted explained that, in the absence of an industry-specific association for petroleum, the MSG had agreed with the private sector to include the LBA given that all oil and gas companies were members of the association. The mining and agriculture sectors are represented on the MSG by individual companies, Arcelor Mittal and Golden Veroleum Liberia respectively. Available documentation indicates that the mining MSG member was reappointed in October 2021, in the absence of interest from the other two mining companies solicited as part of the nomination process. In its comments on the draft assessment, the MSG highlighted that the LEITI Secretariat had reached out to the Chamber of Mines in 2021 as part of the MSG nominations procedures, but that the association was not yet prepared to nominate an MSG representative pending the appointment of the Chamber’s formal leadership. The MSG also highlighted that the MSG member representing the agricultural sector was appointed by unanimous agreement of member of the Liberia Agriculture Companies Association (LACA), as confirmed in the LACA’s <a href="#">letter</a> of confirmation of this appointment. Liberia EITI’s MSG attendance tracker and minutes of MSG meetings indicate that industry MSG members regularly attend meetings and contribute effectively to discussions.</p> <p>However, the level of consultations with the broader industry constituency on EITI matters remains unclear, particularly in the mining sector. The MSG’s ‘Stakeholder engagement’ template submitted for this Validation indicated that the broader industry constituency had been engaged in the work planning processes, although the specific contributions of companies not on the MSG is unclear from the documentation provided. Although LEITI’s outreach activities were significantly impacted by both the governance crisis of 2017-19 and the Covid-19 pandemic since 2020, there is little evidence of mining industry representatives attending LEITI outreach and dissemination activities in the period under review. The MSG requires one member from each constituency to attend LEITI events, although industry has tended to be represented by the agriculture and forestry sectors. While the constituency’s plans for developing its own “constituency feedback mechanism” as a means of regularly canvassing the broader constituency were delayed due to the impact of the COVID-19 pandemic since 2020, several stakeholders consulted explained that this was planned to proceed in March 2022.</p> <p>In general, companies appear to have provided the required data for EITI reporting. In the last EITI Report produced based on reconciliation of company payments and government revenues (the 10<sup>th</sup> and 11<sup>th</sup> EITI Report), only one of the 19 material companies (Simba Energy, not linked to an EITI Supporting Company) failed to report, with the value of its payments to government not considered significant. While a larger number of companies (seven of 19 material companies) did not provide the required contextual (non-financial) information for the 12<sup>th</sup> EITI Report, which was based on unilateral government disclosures of extractive revenues, subsequent government and MSG follow-up with non-reporting companies ensured that a larger number disclosed their beneficial ownership information for Liberia EITI’s beneficial</p>
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	<p>ownership diagnostic report published in late 2021. The non-reporting mining, oil and gas companies in the 12<sup>th</sup> LEITI Report consisted of China Union Liberia Investment Co. Ltd., Zwedru Mining Inc., as well as ExxonMobil and Chevron, although the latter two had closed their operations in Liberia at the time of preparation of the report.</p> <p>There continues to have been an enabling environment for company participation in the EITI since the previous Validation, and there is no evidence of any new obstacles in relevant laws, regulations, administrative rules or actual practices.</p>
<p><b>Civil society engagement (Requirement #1.3)</b></p> <p><i>Fully met</i></p>	<p>There does not appear to have been back-sliding on Requirement 1.3, which was assessed as ‘satisfactory progress’ in the previous Validation. Thus, the Secretariat’s assessment is that Requirement 1.3 remains fully met in the period under review. There was broad consensus among stakeholders consulted that civil society was fully, actively and effectively engaged in the EITI process, and that there had been an enabling environment for civil society participation in the EITI. Several stakeholders highlighted civil society’s advocacy as a key reason for the resolution of the LEITI governance challenges in 2017-19.</p> <p>There do not appear to have been any new legal, regulatory, administrative or practical constraints on civil society’s ability to engage in all aspects of the EITI process since the previous Validation. Liberia’s rankings for general civic space by international NGOs have improved slightly since the period reviewed by the previous Validation, with <a href="#">Civicus</a>’ assessment improving from ‘repressed’ in 2017 to ‘obstructed’ since 2019 and <a href="#">Freedom House</a>’s ranking remaining ‘partly free’ (with minor improvements in the score from 60/100 in 2017-19 to 62/100 in 2020-21). Available documentation (including civil society’s submission for this Validation) and stakeholder views confirm the lack of constraints on civil society’s ability to actively engage in EITI implementation. While some civil society representatives consulted off of the MSG noted that they had received phone calls following their publications of views critical of the government’s budget management, they explained that these calls consisted of criticism rather than threats or efforts to censor information.</p> <p>Evidence suggests that civil society representatives in Liberia are able to engage in public debate related to the EITI process and express opinions about the EITI process without restraint, coercion or reprisal. The Facebook pages of the <a href="#">PWYP Liberia</a> coalition and the <a href="#">National Civil Society Council of Liberia</a> catalogue regular civil society views often critical of government and industry’s management of the extractive industries. There is less evidence of active public expression on the part of the Labor Congress of Liberia (LCL) and the Minerals Civil Society Organization of Liberia (MCSOL), the two other key organisations that coordinate the constituency. Nonetheless, minutes of MSG meetings indicate that civil society members regularly and actively contribute to discussions. While the tone of debate between MSG members appeared particularly confrontational in the 2017-19 period, the recovery from LEITI’s governance crisis and the return to MSG decision-making by consensus appears to have improved the environment for free expression on the MSG.</p> <p>Civil society appears to operate freely in relation to EITI implementation and in their broader work on natural resource governance. All CSOs active within the</p>

	<p>constituency appear duly registered and there is no evidence of any delays in registration in the period under review. Non-profit organisations appear able to raise funding from both national and international sources, including resources from the African Development Bank (AfDB) for dissemination activities in 2021. However, stakeholder consultations and Liberia's 2017-18 and 2019 annual progress reports highlight technical and financial constraints on civil society's engagement in the EITI process. These constraints do not appear linked to government constraints however and there is evidence that the MSG has sought to facilitate access to funding by CSOs, including through devoting some funding for the work plan to CSOs to carry out specific activities. Despite these constraints, MSG meeting minutes reflect active engagement by civil society members, including on technical issues related to issues such as beneficial ownership transparency.</p> <p>Civil society representatives appear able to associate, communicate and cooperate freely with each other in regard to the EITI process. The four key organisations (PWYP, NSCL, LCL and MCSOL) play a coordinating role within the constituency, both in coordinating appointments to the MSG and in ensuring constituency consultations. The development of a '<a href="#">constituency feedback mechanism</a>', supported by the AfDB in 2021, was highlighted by several stakeholders consulted as an important step in further enhancing the regular consultations with the broader constituency.</p> <p>Available evidence suggests that civil society is actively engaged in all aspects of EITI implementation, both in terms of MSG members' participation in EITI activities and in the broader constituency's input to the design of EITI implementation (such as through input to the annual work plan) as well as in outreach and dissemination. The LEITI governance crisis in 2018-19 reflected the strength of civil society's advocacy given that this public outcry was key in resolving the situation.</p> <p>Civil society appears able to influence public decision-making on extractive industry governance, both through the LEITI process as well as through other mechanisms such as public hearings and public advocacy campaigns. The governance crisis in LEITI reflected civil society's influence in ensuring continued adherence to the EITI Principles.</p>
<p><b>Multi-stakeholder group (Requirement #1.4)</b></p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 1.4 is mostly met in the period under review. While most MSG members consulted considered that the objective of an independent MSG that can exercise active and meaningful oversight of all aspects of EITI implementation, balancing the three main constituencies' interests in an equal manner, had been fulfilled, several stakeholders not directly represented on the MSG considered that the MSG's oversight of implementation had deteriorated since the period reviewed by the previous Validation (prior to 2016), citing the interruption of EITI implementation due to the LEITI governance crisis in 2018-19 and perceived weaknesses in the engagement of government and industry in the MSG's activities, including in outreach and dissemination, as examples to support these views.</p> <p>Liberia's EITI MSG did not operate consistently and effectively throughout the 2017-21 period under review. A governance crisis prompted by government interference in MSG nominations in 2018-19 following presidential elections caused a complete disruption in EITI implementation between September</p>

	<p>2017 and April 2019. Following public outcry and intervention by the EITI Board, the government rectified the situation and ensured that each constituency was able to appoint representatives to the MSG. However, the absence of clear and public MSG nominations procedures from either industry or civil society creates a risk that external interference in constituency nominations procedures could potentially be repeated in future. While individual organisations solicited to appoint MSG members have internal procedures to appoint representatives, there is no indication that the nominations procedures are open to any member of the broader constituencies, such as mining companies at the exploration stage or civil society representatives that are not members of PWYP Liberia, the National Labor Congress or the Minerals Civil Society Organisation. In its comments on the draft assessment, the MSG highlighted the role of the National Civil Society Council Of Liberia (NCSCCL), an umbrella group of CSOs, in helping to strengthen the nominations procedures for civil society and in overseeing the MSG election process organised by PWYP Liberia. However, it is unclear whether the nominations procedures followed by other CSOs represented on the MSG and by the mining industry constituency are open to all members irrespective of their affiliation to a particular organisation.</p> <p>The MSG appears to have provided effective oversight of the EITI reporting process since the resolution of the LEITI governance crisis in the second half of 2019, although the MSG's outreach and dissemination was significantly affected by the governance crisis and the impact of the Covid-19 pandemic in this period (see <i>Requirement 7.1</i>). The MSG's governance documents, the LEITI Act and the MSG's Policy Manual that was last updated in February 2021, are broadly in line with provisions of the 2019 EITI Standard albeit without provisions related to gender considerations in MSG representation. In its comments on the draft assessment, the MSG noted that it had consistently conducted its business according to the LEITI Act, the MSG Policy Manual and the EITI Code of Conduct. The MSG has made efforts to improve members' attendance at EITI meetings and to establish mechanisms for regular feedback from the broader constituencies, although these appear to have been implemented only by government and civil society to date, not by industry given delays due to the COVID-19 pandemic. The MSG's policy for per diems is publicly codified, and the practices of per diem payments have been clarified in the MSG's submission for this Validation and published on the LEITI website. The MSG's decision-making has reverted to consensus decisions after a confrontational interlude in 2017-19, when most MSG decisions were taken by simple majority vote. However, while some civil society organisations like PWYP Liberia appear to have solicited input to the development of various LEITI documents such as the annual work plan from CSOs not directly represented on the MSG, there is little evidence of the practice of constituency consultations among other CSOs or in the industry constituency. While there appeared to be consensus among MSG members consulted that the objective of an independent MSG that can exercise active and meaningful oversight of all aspects of EITI implementation, balancing the three main constituencies' interests in an equal manner, had been fulfilled, several stakeholders not directly represented on the MSG did not agree.</p> <p>Thus, while the MSG appears to have effectively overcome the governance crisis it faced in 2018-19, similar gaps appear to remain as in the previous Validation, which found that lines of accountability between MSG members</p>
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	and their broader constituencies were unclear. The Secretariat's assessment is that Requirement 1.4 is mostly met.
<b>New corrective actions and recommendations</b>	
<ul style="list-style-type: none"> <li>• To strengthen implementation Liberia is encouraged to ensure that the government is actively engaged in all aspects of the EITI process at a sufficiently senior level to overcome any barrier to EITI implementation, and ensures adequate funding for all aspects of the EITI process.</li> <li>• In accordance with Requirement 1.2, Liberia should ensure that companies are fully, actively and effectively engaged in the EITI process, particularly from the mining sector, including through outreach to stakeholders that are not members of the MSG and the use of EITI data and other information to promote public debate.</li> <li>• To strengthen implementation, Liberia is encouraged to pursue efforts to further expand the broader civil society constituency's engagement in all aspects of the EITI process, building on existing constituency coordination and feedback mechanisms. Liberia is encouraged to consider practical mechanisms for ensuring adequate technical and financial capacities for civil society to continue being fully, actively and effectively engaged in all aspects of EITI implementation.</li> <li>• In accordance with Requirement 1.4.a.ii and 1.4.b.vii, Liberia should ensure that the MSG agrees and publishes its procedures for nominating and changing multi-stakeholder group representatives, in accordance with the principle that each constituency must have the right to appoint its own representatives, bearing in mind the desirability of pluralistic and diverse representation. The MSG and each constituency should consider gender balance in their representation to progress towards gender parity. In accordance with Requirement 1.4.b.iii, members of the MSG should liaise with their constituency groups.</li> </ul>	

## 4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

### Overview of the extractive sector (Requirements 3.1, 6.3)

#### Overview of progress in the module

Information on the extractive industries in Liberia is disclosed through EITI reporting with the 12<sup>th</sup> LEITI Report containing a list of 372 companies operating in the mining, oil and gas, forestry, and agriculture sectors. Liberia's inclusion of forestry and agriculture goes above and beyond the requirements of the EITI Standard and Liberia's MSG should be commended for expanding EITI reporting to other extractive sectors outside of mining and hydrocarbons. Further, given the lack of uniform sourcing of this information, it is unclear where all information pertinent for Requirement 3.1 is systematically disclosed on government websites. This 12<sup>th</sup> LEITI Report adds value to EITI implementation by serving as a reference for information on the history of the extractive industries in Liberia and current exploration activities. In the mining sector, the Ministry of Mines and Energy hosts the Mining Cadastre Administration System ([MCAS](#)) that displays information on active mining exploration activities. For oil and gas exploration activities, the Liberia National Concession Map Portal ([Flexicadastre](#)) provides information on offshore exploration activities as well as some additional information on Mineral Development Agreements, forestry, and agriculture. Left unclear through EITI reporting, consultations with government stakeholders did confirm that there were no significant oil and gas exploration activities in the period under review. Still lacking is an overview of the exploration activities that

occurred in the mining sector for the period under review. Therefore, the Secretariat's assessment is that Liberia has fully met Requirement 3.1.

Liberia has used its EITI reporting to disclose information on the contribution of the extractive industries to the economy, although the oil and gas sector's contribution to GDP does not appear to have yet been disclosed to the public. There is scope for Liberia to expand its use of EITI reporting to review credible third-party estimates of informal extractive activities. The Secretariat's assessment is that Liberia has mostly met Requirement 6.3.

### Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p><b>Exploration (Requirement #3.1)</b></p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Liberia has fully met Requirement 3.1. Stakeholders consulted, in particular from industry, considered that the objective of a public overview of extractive industries had been fulfilled. The 12th LEITI Report provides an overview of the extractives sectors, including the key companies, the commodities, and a brief description of the projects. The report confirms the lack of new exploration activities in the oil and gas sector in 2018-19, but only notes that mining companies were requested to disclose information on their exploration activities (with none provided since the two material oil and gas companies did not report) Nonetheless, the report includes a recommendation for LEITI to build and maintain a database of ongoing exploration activities. Stakeholders consulted did not express particular views on whether the objective of a public overview of the extractives sectors in the country and their potential had been fulfilled. The Secretariat considers that the limited information on exploration activities in the 2018-19 EITI Report is reasonable given the lack of systematic collection of this information by LEITI to date and welcomes the recommendation for such oversight mechanisms to be developed. Thus, the Secretariat's assessment is that there has been no back-sliding on Requirement 3.1 since the last Validation, when it was assessed as 'satisfactory progress'.</p>
<p><b>Contribution of the extractive sector to the economy (Requirement #6.3)</b></p> <p><i>Mostly met (with considerable improvements)</i></p>	<p>The Secretariat's assessment is that Liberia has mostly met Requirement 6.3, with considerable improvements since the previous Validation. Stakeholders consulted did not express any particular views on whether the objective of ensuring a public understanding of the extractive industries' contribution to the national economy, although some considered that Liberia EITI Reports were the most comprehensive source of public information. The 12th LEITI Report contains data, in absolute and relative terms, on the mining sector's contribution to GDP, government revenues, and exports. Additionally, it provides employment data disaggregated by gender and highlights the regions where there are potential and major ongoing extractive activities. Estimates on the contribution of the informal sector (mainly artisanal gold and diamond mining) are given both for production and exports, although the EITI</p>

	<p>Report does not reference credible third-party estimates for the contribution of informal extractive activities to the national economy (e.g., GDP), despite the fact that such credible third-party estimates do appear to be publicly available. The MSG's comments on the draft assessment argue that the value of contributions from the informal sector, including from artisanal gold and diamond mining, are captured under the line on government revenues from 'other companies' in the <a href="#">2018-19 EITI Report</a> (p.18). While this data on government revenues from other companies may cover revenues from licensed artisanal and small-scale miners, it logically does not cover the contribution to GDP from informal extractive activities, which by definition are not licensed by the government. In addition, extractive employment data provided by the Ministry of Labour appears to cover only 12 of the 367 mining license-holding companies and only one of the five oil and gas companies operating in Liberia in 2018-19. Of greater concern, the 12th LEITI Report does not provide the oil and gas sector's contribution to GDP in absolute or relative terms, despite this being a key corrective action from the previous Validation. As highlighted in the MSG's comments on this draft assessment, the EITI Report does however provide the value of government revenues from the oil and gas sector in absolute terms, from which their relative value can also be calculated based on data in the 2018-19 EITI Report. Thus, while all aspects of Requirement 6.3 have not yet been comprehensively addressed, the Secretariat's view is that there have been considerable improvements in disclosures since the period reviewed in the previous Validation given the additional disclosures related to the oil and gas sector.</p>
<b>New corrective actions and recommendations</b>	
<ul style="list-style-type: none"> <li>• To strengthen implementation, Liberia is encouraged to use its EITI implementation to establish a public system for consistently tracking significant exploration activities in the mining, oil and gas sectors, which could provide important support for government and industry's investment promotion efforts.</li> <li>• In accordance with Requirement 6.3, Liberia should ensure public disclosure of information about the contribution of the extractive industries, including the oil and gas sector, to the economy for the fiscal year covered by EITI implementation, including their contribution, in absolute and relative terms, to GDP and employment, as well as the contribution of informal extractive activities.</li> </ul>	

## Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

### Overview of progress in the module

Details of the legal and regulatory framework, including the fiscal regime (and lack of fiscal devolution) and roles of government entities, are systematically disclosed in Liberia. The Liberia Petroleum Revenue Authority (LPRA) [website](#) and the Ministry of Mines and Energy [website](#) publish some information on the legal environment and fiscal regime, although EITI reporting has played a role in centralising access to and summarising this information. There is scope for EITI reporting to add more value by publishing more comprehensive reviews of significant ongoing or planned reforms on an annual basis, a recommendation of the previous Validation of Liberia in

2017. Government stakeholders consulted highlighted plans to revise the Minerals and Mining Act, although several other stakeholders noted that such amendments had been long proposed but not progressing rapidly. While Liberia's LEITI reporting provides a cursory overview of ongoing reforms, it has the potential to add more value by providing an annual tracker of the status of various reforms of relevance to the extractive industries. Thus, the Secretariat's assessment is that Requirement 2.1 is fully met, but not yet exceeded.

The [2009 LEITI Act](#) provides the general government framework for contract disclosure, although the law's provisions only cover LEITI's role as promoter and repository of extractive contracts and licenses rather than an explicit commitment to publish all contracts and licenses. However, the [2014 Petroleum Act](#) strictly requires the publication of all oil and gas contracts and rights. Liberia has used its EITI implementation to disclose the majority of active extractive contracts and has worked to improve the accessibility of key terms of a selection of 26 extractive contracts in a simplified contract matrix published in 2015, aimed at improving host communities' understanding of key contractual terms. Liberia's most recent EITI Report provides an overview of 28 mining licenses, including references to the full text of five Mineral Development Agreements (MDAs) and two oil and gas contracts, but the MSG does not yet appear to have published a comprehensive list of all active extractive contracts (including annexes, amendments and riders), indicating the public accessibility of each document. It thus remains unclear whether all extractive contracts have yet been published in full, even if there is no evidence of any new mining, oil and gas contract awards since the start of 2021. Stakeholder consultations highlighted significant public interest in the published contracts, and several MSG members highlighted plans to update the 2015 simplified contract matrix to cover additional (newer) contracts. There is less evidence of MSG efforts to clarify the practice of public disclosure of the full text of extractive licenses, however. The MSG does not appear to have prepared a public list of active extractive licenses indicating the public accessibility of each document. In practice, it is unclear whether any extractive license has yet been disclosed in full. The MSG has plans to undertake a contract and license transparency scoping study in 2022, which should clarify the rules and practices related to license disclosures. The cadastral portal indicates that over 600 new minerals and mining licenses have been awarded since 1 January 2021 (as of February 2022), which should all have been published in full in accordance with Requirement 2.4.a. The Secretariat's assessment is that Requirement 2.4 is mostly met.

There are provisions related to extractive companies' management of environmental impacts in Liberia, primarily included in the Mineral Development Agreements (MDAs) and the production sharing contracts (PSCs) in the oil and gas sector. Liberia has used its EITI reporting to undertake a review of applicable environmental management provisions of a selection of MDAs at the production stage, although not yet of all active extractive contracts. Liberia's latest (2018-19) EITI Report provides the details of two companies' (one company mining and one in agriculture) payments to vendors and contractors for the preparation of audits and other reports related to their environmental planning and management. However, Liberia's EITI reporting has yet to provide an overview of administrative practices related to environmental management and monitoring of extractive investments in the country. Liberia does not appear to have yet publicly disclosed information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes. Thus, the Secretariat's assessment is that all encouraged aspects of Requirement 6.4 have yet to be addressed and thus the requirement



remains not assessed in this Validation, given that it represents an encouraged aspect of the EITI Standard.

### Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p><b>Legal framework and fiscal regime (Requirement #2.1)</b></p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Liberia has fully met Requirement 2.1. Stakeholders consulted did not express particular views on the public accessibility of information on extractive laws and regulations. The 2018-19 EITI Report describes the legal environment and fiscal regime for the extractives, including the roles of government entities. The key laws and regulations related to the extractive industries are systematically disclosed on the Liberia Petroleum Regulatory Authority (LPRA) <a href="#">website</a> for oil and gas and the Mines and Minerals and Energy (MME) <a href="#">website</a> for mining. However, while the report provides an overview of ongoing reforms in the sectors, it does not provide a description of the nature of the reforms, particularly in the mining sector. Stakeholders consulted did not express any particular views on whether the objective of public understanding of the regulatory framework for the extractive industries had yet been achieved. There does not appear to have been back-sliding on Requirement 2.1, which was assessed as 'satisfactory progress' in the previous Validation.</p>
<p><b>Contracts (Requirement #2.4)</b></p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Liberia has mostly met Requirement 2.4. Several stakeholders noted plans to undertake a standalone contract and license disclosure study to clarify any legal or regulatory barriers to disclosure. While stakeholders highlighted that many contracts had been published due to implementation of provisions of the LEITI Act, there had been no systematic review of publications since the production of a LEITI simplified contract matrix in 2015. Several stakeholders consulted expressed scepticism over whether all licenses, contracts and amendments had yet been published.</p> <p>The 12th EITI Report provides an overview of the applicable legal framework for extractive contract and license disclosure. The legal framework seems to largely support public dissemination of the contents of licenses and contracts, through the 2009 LEITI Act and Section 64 of the New Petroleum Act (2014). Hence, there do not appear to be explicit legal barriers to contract disclosure but certain readings of the LEITI Act of 2009 could render an interpretation that while the government will attempt to ensure the public disclosure of all contracts, contract disclosure is not legally binding through the 2009 LEITI Act. However, there is an extensive list of extractive contracts (including annexes, amendments and riders where applicable) published on the LEITI website, with specific reference to where each document is publicly accessible.</p> <p>It remains unclear whether all active extractive contracts have been published on the LEITI website to date however, given that the MSG has not yet published a comprehensive list of all active extractive contracts, clearly indicating which document has been published, with references to each publicly accessible</p>

	<p>document. There appear to have been 651 minerals and mining license awards between 1 January 2021 and February 2022, based on data available on the MCAS system, but it is unclear whether all of these licenses have been published to date. There is no evidence in the MCAS system of any new mining contract awards since January 2021 and the lack of new oil and gas contract awards since the start of 2021 was confirmed by all stakeholders consulted. It is unclear whether the MSG or government have a mechanism in place to ensure the systematic publication of the full text of newly awarded or amended extractive contracts and licenses. It is also unclear whether the full text of all extractive licenses, particularly those awarded since the start of 2021, are publicly disclosed. None of the stakeholders consulted could categorically confirm that all active extractive licenses and contracts have been publicly disclosed to date. While a legal and regulatory framework supporting the disclosure of extractive contracts appears to be in place, there is insufficient evidence of the MSG's comprehensive review of the public accessibility of all active extractive licenses and contracts, including annexes, amendments and riders where applicable. In its submission for this Validation, the MSG noted its plans to undertake a study of extractive license disclosure in 2022 to identify any regulatory or practical barriers to the disclosure of licenses.</p>
<p><b>Environmental impact (Requirement #6.4)</b></p> <p><i>Not assessed</i></p>	<p>The Secretariat's assessment is that Requirement 6.4 remains not assessed, given that several encouraged aspects of this requirement remain to be addressed by Liberia EITI. Some stakeholders consulted noted that the 12<sup>th</sup> LEITI Report was a first attempt at extending coverage to the management of environmental impacts. While Liberia has used its EITI reporting to provide a cursory overview of relevant legal and contractual provisions related to environmental management and monitoring of extractive investments in the country, it has not yet expanded this to describe administrative rules and actual practices. There is no evidence that environmental impact assessments, certification schemes, environmental licences and rights granted to oil, gas and mining companies are publicly disclosed in Liberia at present. Liberia does not appear to have yet comprehensively disclosed information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes.</p>
<b>New corrective actions and recommendations</b>	
<ul style="list-style-type: none"> <li>• To strengthen implementation, Liberia is encouraged to create a system to track reforms in the extractives sector and to use its EITI reporting to provide details on ongoing or planned reforms in the mining, oil and gas sectors as well as in beneficial ownership legal and regulatory reform.</li> <li>• In accordance with Requirement 2.4.b, the MSG should agree and publish a plan for disclosing extractive contracts and licenses with a clear time frame for implementation addressing any barriers to comprehensive disclosure of all licenses and contracts awarded and amended since 1 January 2021. In accordance with Requirement 2.4.c, Liberia should clarify government policy on the disclosure of extractive licenses that govern the exploration and exploitation of oil, gas, and minerals. In accordance with Requirement 2.4.c.ii, Liberia should ensure that any new mining, oil and gas licenses and contracts granted or amended after 1 January 2021 are comprehensively disclosed to the public, including any annexes and amendments. In accordance with Requirement 2.4.c.iii, Liberia should publish an explanation for any deviations between disclosure practices and legislative or government policy on contract and license disclosure, including a comprehensive list of all active extractive licenses and contracts</li> </ul>	

(including annexes, amendments and riders) that indicates which documents are publicly accessible.

- To strengthen implementation, Liberia is encouraged to use its annual EITI reporting to ensure public disclosure of an overview of relevant legal provisions and administrative rules as well as actual practice related to environmental management and monitoring of extractive investments in the country. This could include information on environmental impact assessments, certification schemes, licences and rights granted to oil, gas and mining companies, as well as information on the roles and responsibilities of relevant government agencies in implementing the rules and regulations. It could further include information on any reforms that are planned or underway. Liberia may also wish to ensure public disclosure of information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes related to the extractive industries.

## Licenses and property rights (Requirements 2.2, 2.3)

### Overview of progress in the module

The process for awarding oil and gas licenses and contracts is either through competitive tender or through direct negotiations, although there have been no awards through competitive tender to date. Liberia launched the [Harper Basin Licensing Round](#) in April 2020, although the tender was converted to a process of direct negotiations in June 2021, with the award of any oil and gas blocks still pending at the commencement of this Validation. While there were four active oil and gas contracts in the period under review (2018-19), these have all lapsed or been relinquished since then, with no active oil and gas contracts as of January 2022. Most information listed under Requirement 2.2 is disclosed in the 12<sup>th</sup> LEITI Report for oil and gas license awards, but the statutory procedures for transferring oil and gas contracts (or participating interests therein) and mining licenses are not clearly described in the public domain.

Mining licenses and rights are granted through a 'first come first assessed' procedure. Most information listed under Requirement 2.2 is disclosed for mining license awards and transfers both systematically on the Ministry of Mines and Energy website and through EITI reporting. While it remains unclear from EITI disclosures whether any weighting is applied to the different technical and financial criteria assessed in minerals and mining assessed', meaning that all criteria need to be met for a license to be awarded or transferred. Liberia has used its EITI reporting to provide a diagnostic of the 133 minerals and mining licenses awarded in 2018-19, in the absence of any transfers in this period. While the MSG's diagnostic of the award practices for six different types of licenses in 2018-19 concluded that there were no non-trivial deviations, opinions of stakeholders consulted were split over whether there had been deviations in licensing practices. Liberia used its EITI implementation to publish two post-award process audits of extractive license and contract awards, the [second](#) of which covers the 2012-15 period, but this work has not been repeated for subsequent years. While several of the same gaps identified in the previous Validation remain outstanding, the MSG's attention on undertaking a diagnostic of deviations between rules and practices in the award of minerals and mining licenses marks a significant improvement on the period assessed by the previous Validation. Thus, the Secretariat's assessment is that Requirement 2.2 remains mostly met, with considerable improvements since the previous Validation.

The Ministry of Mines [MCAS System](#) and the Liberia National Concession [portal](#) systematically disclose all information listed under Requirement 2.3b for mining and oil and gas contracts and licenses. However, the dates of application of the majority of oil and gas contracts active in 2018-19 are not publicly accessible, which include contracts involving material oil and gas companies included in the scope of EITI reporting. Several stakeholders consulted from different constituencies considered that the objective of public comprehensive information on extractive property rights had been fulfilled. While the Secretariat's view is that the objective has been fulfilled, it is required to highlight any gaps with regards to technical aspects of the requirement. However, the lack of public access to dates of application of oil and gas contracts is considered of marginal importance given that all oil and gas contracts have since lapsed or been relinquished. The Secretariat's assessment is that Requirement 2.3 is mostly met, with considerable improvements on the previous Validation, although the Board may wish to exercise its discretion to weight minor technical gaps against progress in fulfilling the objective of the requirement.

### Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p><b>Contract and license allocations (Requirement #2.2)</b></p> <p><i>Mostly met (with considerable improvements)</i></p>	<p>The Secretariat's assessment is that Requirement 2.2 is mostly met. Most stakeholders consulted considered that the objective of providing a public overview of awards and transfers of oil, gas and mining licenses had been fulfilled, although several stakeholders off the MSG questioned the level of LEITI's focus on documenting actual licensing practices.</p> <p>The 12<sup>th</sup> LEITI Report provides an overview of the 133 minerals and mining license awards and lack of transfers in 2018-19, as well as the lack of activity in the oil and gas sector. Liberia has used its EITI reporting to provide a description of the statutory procedures for awarding licenses in the mining sector, including the technical and financial criteria considered. The report provides an overview of the statutory procedure for transferring minerals and mining licenses but does not clarify the technical and financial criteria considered in the government's approval of transfers. In determining whether there were non-trivial deviations from the statutory provisions for awarding licenses in 2018-19, the MSG adopted a sampling of six license awards of different types of minerals and mining licenses. The inconsistencies in number of license awards between the <a href="#">cadastral portal</a> and the 12<sup>th</sup> LEITI Report may be due to a number of reasons but have not been explained in EITI reporting. While the MSG's diagnostic of the award practices for six different types of licenses in 2018-19, which concluded that there were no non-trivial deviations from statutory procedures in these awards, some stakeholders from all three constituencies raised concerns over the scope for deviations in the award of minerals and mining licenses, particularly in 2018-19 at the start of the new administration's term in office. Other stakeholders,</p>

	<p>particularly from government, did not consider that there had been any non-trivial deviations in the period under review.</p> <p>Despite the lack of activity in the oil and gas sector, the 12<sup>th</sup> LEITI Report describes the statutory license award procedures in oil and gas, although not of procedures for transferring licenses or participating interests in oil and gas blocks. While the bid criteria for license awards in mining and oil and gas are sufficiently described, the report does not clarify whether there is any scoring or weighting of the technical or financial criteria assessed. Several stakeholders consulted considered that there were governance weaknesses in mining licensing practices, while other government stakeholders considered that LEITI Reports provided an adequate overview of the procedures for license awards and transfers and whether these procedures are followed in practice.</p>
<p><b>Register of licenses (Requirement #2.3)</b></p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 2.3 is <b>fully met</b> despite minor technical gaps in disclosures. Several stakeholders from different constituencies considered that the objective of public accessibility of comprehensive information on property rights related to extractives licenses and contracts had been fulfilled.</p> <p>Most of the information listed in Requirement 2.3.b is systematically disclosed for all mining, oil and gas licenses. In the mining sector, the online repository of the Ministry of Mines and Energy (MME MCAS system) provides information on all active minerals and mining licenses, indicating the license holder name, dates of application, award and expiry, and commodity covered (where applicable). Both the MCAS system and the Liberia National Concession Map (Flexicadastre) contain information on license coordinates, for all active minerals and mining licenses. In the oil and gas sector, the Liberia National Concession Portal provides information on license holder(s) name, dates of award and expiry, and commodity produced.</p> <p>However, the application dates for three of the four active oil and gas contracts are not publicly accessible online, which include the contracts involving the two material oil and gas companies (ExxonMobil and Chevron) included in the scope of EITI reporting for 2018-19 (which have since been relinquished or expired). The Secretariat considers that the absence of publicly accessible dates of application for a majority of oil and gas blocks is of only marginal importance given that all oil and gas contracts and licenses have been relinquished or lapsed since 2019. Thus, the Secretariat recommends that the Board may wish to exercise its discretion to weigh minor gaps in the technical aspects of the requirement against fulfilment of the broader objective of Requirement 2.3, which the Secretariat considers to have been fully met.</p>
<p><b>New corrective actions and recommendations</b></p>	
<ul style="list-style-type: none"> <li>• In accordance with Requirement 2.2.a.i, Liberia is required to document the legal and regulatory framework governing extractive license transfers. In accordance with Requirement 2.2.a.ii, Liberia is required to describe the formula or weightings applied to technical and financial criteria used in awarding and transferring extractive licenses and rights. In accordance with Requirement 2.2.b, Liberia should address inconsistencies between LEITI Reporting and government figures on the number of mining licenses awarded and transferred.</li> <li>• To strengthen implementation, Liberia is encouraged to ensure systematic public disclosure of the date of application for all active mining, oil and gas licenses and contracts, including at a</li> </ul>	

minimum all active licenses and contracts held by material companies included in the scope of annual EITI reporting.

## Beneficial ownership (Requirement 2.5)

### Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the framework agreed by the Board in June 2019.<sup>2</sup> The assessment consists of a technical assessment focusing on initial criteria and an assessment of effectiveness.

#### *Technical assessment*

The technical assessment is included in the Transparency template, in the tab on Requirement 2.5. It demonstrates that Liberia has not yet established a legal or regulatory framework for public disclosure of beneficial ownership in the mining sector in the same way as in the oil and gas sector. Nonetheless, there is a legal framework for the government's collection of beneficial ownership information from all companies irrespective of their sector of activity, through the 2018 amendments to the Liberia Business Register (LBR). However, the different legal instruments for beneficial ownership data collection imply that three different agencies collect data in practice, namely the Liberia Petroleum Revenue Authority (LPRA), the Liberia Business Registration (LBR), and the Financial Intelligence Unit (FIU). Several stakeholders consulted called for the harmonisation of disparate definitions of beneficial ownership, politically exposed persons and thresholds for disclosure across the different legal and regulatory instruments.

While there is anecdotal evidence that beneficial ownership information has been requested from some extractive companies, there is no documented evidence that ownership data has been requested from all companies holding or applying for licenses and contracts in the mining, oil and gas sectors to date. Despite provisions of the LPRA Act for the systematic collection and public disclosure of beneficial ownership data, there is no evidence that this was adhered to in the 2020 Harper Basin Licensing Round and opinions of stakeholders consulted were split as to whether the LPRA had collected any beneficial ownership data to date. One stakeholder considered that the LPRA had collected such data in the 2020 bid round, but that it had not yet developed a beneficial ownership register to disclose this data, although the stakeholder could not explain why the data had not been published in an EITI Report. Liberia has used its EITI reporting to request beneficial ownership data from material companies included in the scope of reporting, i.e., 19 companies in the 12<sup>th</sup> LEITI Report.

The MSG has undertaken some efforts to collect and disclose beneficial ownership information through EITI reporting, although only three of the five material mining companies and neither of the two material oil and gas companies reported beneficial ownership information. There have been no other public disclosures of beneficial ownership information in Liberia to date. Beneficial ownership information on the companies bidding or applying for extractives licenses since 2020 is not publicly available. The LBR maintains a company register that includes information on legal owners of all companies, but this information does not appear accessible online and consulted

<sup>2</sup> <https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement>.

stakeholders' views were split as to whether shareholder information was publicly accessible in hard copy.

#### *Assessment of effectiveness*

Liberia has used its EITI implementation to drive beneficial ownership work across government agencies and joined the Opening Extractives programme of technical assistance in 2021. While Liberia published a three-year beneficial ownership roadmap in 2017, progress was delayed by the interruption in the EITI process in 2017-19. While legal and regulatory progress has been achieved, the lack of a clear legal basis for disclosure of beneficial ownership data is a key impediment to progress on Requirement 2.5. The MSG commissioned a [beneficial ownership report](#) in 2021 that provided a review and recommendations to reform the legal and regulatory framework.

The MSG's committee on beneficial ownership has convened a network of government entities including the LBR, FIU, MME, helping the agencies to raise donor funds for the establishment of a register. However, there appear to have been weaknesses in coordination between the different agencies, with different thresholds for disclosure across the different laws and each agency developing its own beneficial ownership register. With LEITI reporting the only form of public disclosures of beneficial ownership information, the disclosure of only three of over 300 minerals and mining companies' beneficial owners represents a limited scope to date. The MSG has not prepared or published an assessment of the comprehensiveness and reliability of beneficial ownership disclosures to date. Government officials consulted noted that the LBR had started collecting some beneficial ownership data from companies, although they noted that there had not been a review or assessment of beneficial ownership data collection by the government to date. While the MSG's 2021 beneficial ownership report provides a review of the legal framework, it does not assess the practices of data collection and disclosures.

While several stakeholders consulted highlighted Liberia's involvement in the Opening Extractives programme as a way to accelerate work on beneficial ownership disclosures and to establish a publicly accessible beneficial ownership register. Despite optimism that the register was being built, most stakeholders consulted considered that the objective of enabling the public to know who ultimately owns and controls the companies operating in the country's extractive industries was still far from being fulfilled. Thus, the Secretariat's assessment is that Requirement 2.5 is partly met.

#### **Progress by requirement and corrective actions**

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<b>Beneficial ownership (Requirement #2.5)</b>  <i>Partly met</i>	The Secretariat's assessment is that Liberia has partly met Requirement 2.5. None of the stakeholders consulted considered that the objective of enabling the public to know who ultimately owns and controls all companies operating in the country's extractive industries had yet been fulfilled, with many

	<p>stakeholders citing the lack of legal basis for the public disclosure of beneficial owners in sectors such as mining as a key barrier to progress.</p> <p>The MSG has approved a working definition of beneficial ownership and other key terms and the 12<sup>th</sup> LEITI Report clarifies that the 2009 LEITI Act, the 2014 Petroleum Act, and the 2018 amendments to the Business Corporation Act provide a legal framework for the government’s collection of beneficial ownership data from all companies incorporated in Liberia, regardless of their sector of activity. However, as highlighted in LEITI’s beneficial ownership study published in December 2021, there is no legal basis for ensuring the public disclosure of beneficial ownership data that is collected in the mining sector, although the LPRA’s new regulations on the disclosure of beneficial owners of oil and gas companies in March 2020 support public beneficial ownership disclosures in the oil and gas sector. Some stakeholders consulted from different constituencies raised concerns over the definition of “beneficial owner” in Liberian legislation, which did not appear to cover forms of non-equity control (e.g., through the use of nominee shareholders for instance). However, as highlighted in LEITI’s dedicated <a href="#">beneficial ownership report</a> published in 2021, the definitions of beneficial owner in the Business Corporation Act, the LPRA and the draft Anti-Money Laundering and Countering Financing of Terrorism Act currently under development include definitions of beneficial owner that cover forms of non-equity control. Several government officials consulted highlighted plans for amendments to the Minerals and Mining Act, which were expected to include provisions for the disclosure of beneficial owners among other reforms. However, other stakeholders consulted considered that these amendments had been under development for some time and expressed scepticism about the pace of reform.</p> <p>While there is anecdotal evidence that the Liberia Business Register has started collecting beneficial ownership data, the only public disclosures to date have been through Liberia’s EITI reporting. The 12<sup>th</sup> LEITI Report discloses the beneficial ownership of two companies in the mining sector and three in forestry, but not for any companies in the oil and gas or agriculture sectors. While LEITI’s 2021 beneficial ownership report notes the LEITI Secretariat’s efforts to send beneficial ownership reporting templates to 372 companies in the mining, oil and gas, forestry and agriculture sector that were not included as material in the scope of the 12<sup>th</sup> LEITI Report, it is unclear from the report whether any additional data was collected or disclosed as a result of this work. Thus, it remains unclear from available documents and stakeholder consultations whether beneficial ownership data has been requested from all companies holding or applying for extractive licenses since 1 January 2020. The only disclosures to date cover two of the 367 companies holding minerals and mining licenses in 2018-19 and none of the five oil and gas companies active at the time.</p> <p>The MSG has published an assessment of the beneficial ownership disclosures made through Liberia’s EITI reporting in the 12<sup>th</sup> LEITI Report, although this only covers the 19 material companies included in the scope of the EITI Report. Stakeholder consultations noted that to date there has not been a review of beneficial ownership data collection and disclosures from all extractive companies. A review of minutes of MSG meetings and LEITI documents does not indicate that the MSG has yet discussed the extractive companies that it considers as ‘high risk’. Nevertheless, LEITI is currently working with relevant</p>
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	<p>agencies and other stakeholders as part of the Opening Extractives programme to address the identified constraints to BO disclosures in Liberia.</p> <p>With regards to the public availability of shareholder (legal ownership) information for extractive companies, the Liberia Business Registry (LBR) operates a company register, although information on shareholders does not appear to be accessible online. Stakeholder consultations noted that it was possible to request shareholder information from the LBR but noted that the MSG had not requested legal ownership information on all extractive companies to date. Rather, Liberia has used its EITI reporting to disclose legal ownership information for some of the material companies included in the scope of reporting, although reporting company omissions mean that shareholders of all material companies have not yet been publicly disclosed. The 12<sup>th</sup> LEITI Report provides legal ownership information for only three companies in the mining sector, five in forestry, four in agriculture and none in oil and gas.</p>
<p><b>New corrective actions and recommendations</b></p>	
<ul style="list-style-type: none"> <li>• In accordance with Requirement 2.5, Liberia is required to disclose the beneficial owners of all companies holding or applying for extractive licenses. To ensure public disclosure of this information going forward, Liberia should undertake the following measures:             <ul style="list-style-type: none"> <li>○ Ensure there is a legal and regulatory framework in place to ensure the collection and public disclosure of beneficial ownership information on all companies holding or applying for extractive licenses.</li> <li>○ Request all companies holding oil, gas and mining licenses to disclose beneficial ownership information and provide adequate assurances for data reliability.</li> <li>○ Require all applicants of oil, gas and mining licenses and contracts to disclose their beneficial owners at the application stage. An assessment of the comprehensiveness and reliability of this information should be undertaken by the MSG.</li> <li>○ Agree priorities for beneficial ownership disclosures and based on these priorities, plan efforts to obtain this data. For example, Liberia may prioritise disclosures by certain types of companies, companies holding a certain type of license or producing a certain commodity due to risks related to corruption, tax evasion or circumventing provisions for local participation. These priorities should guide outreach efforts to companies and provide them guidance.</li> <li>○ Develop a strategy aimed to increase information-sharing among government entities that maintain beneficial ownership registers, with an eventual goal of unifying these various registers into one central public beneficial ownership register.</li> <li>○ Undertake an assessment of the comprehensiveness and reliability of beneficial ownership disclosures by all extractive companies to date.</li> <li>○ Publicly identify any entities that failed to disclose their beneficial ownership.</li> <li>○ Ensure public disclosure of legal owners of all companies holding or applying for extractive licenses.</li> </ul> </li> </ul>	

## State participation (Requirements 2.6, 4.2, 4.5, 6.2)

### Overview of progress in the module

The government holds participations in the extractive industries in Liberia, including through a wholly owned national oil company in the petroleum sector and minority equity participations in the mining sector. Following the establishment of the Liberia Petroleum Regulatory Authority (LPRA) in 2016, the regulatory functions of the oil and gas SOE, NOCAL, were split off into the new LPRA, which turned NOCAL into the representative of state commercial, but no longer regulatory, interests in the petroleum sector. The relinquishment and expiry of all active oil and gas blocks in the 2019-20 period and the lack of new oil and gas rights awards since then means that NOCAL is no longer involved in any PSC, although there were four active oil and gas contracts in 2018-19. While the 2018-19 EITI Report confirms that NOCAL did not collect any revenues from oil and gas companies in the year under review, the SOE was nonetheless included in the scope of reporting. In the mining sector, Liberia's EITI reporting has provided a diagnostic of state equity in the sector by identifying deviations between state minority equity entitlements in accordance with the relevant MDAs and actual state ownership. One of the key findings of the 2018-19 EITI Report is that the government has not consistently tracked state equity participations in the mining sector.

Liberia's EITI Reports have provided a general overview of the statutory rules governing NOCAL's financial relations with the state, although this has focused on the flow of funds between NOCAL and the state (e.g., government transfers and the SOE's distribution of profits) rather than the SOE's ability to retain earnings, reinvest in its operations and raise third-party funding. While Liberia's 2018-19 EITI Report provides a cursory overview of the practice of financial relations, there are gaps in coverage of the SOE's reinvestments and third-party financing in this period. Delays in the GAC's audit of NOCAL's financial statements mean that the SOE's audited financial statements were not available to the Independent Administrator in preparing the 12<sup>th</sup> LEITI Report. While Liberia's EITI reporting describes a government loan to NOCAL in 2016 that was subsequently restructured and extended, it does not cover other forms of third-party financing for NOCAL in 2018-19 that were critical to ensure that the SOE continued as a viable company, including some USD 2m in third-party financing raised by NOCAL from its data vendor, [TGS](#). The latest EITI Report provides an overview of state participations in the mining, oil and gas sectors, but raises concerns over the comprehensiveness of data on state ownership collected from companies in the absence of a complete government register of ownership interests in the mining sector. Nonetheless, LEITI has made some efforts to expand the scope of EITI reporting to NOCAL's corporate governance, although not yet to the rules and practices related to procurement, sub-contracting and expenditures. While there was significant public interest in NOCAL's financial management in the period reviewed by the previous Validation, stakeholder interest in such issues appears to have waned since then given the decreasing activities, and flow of government revenues, in the country's oil and gas sector. The Secretariat's assessment is that Requirement 2.6 is mostly met.

Although there are statutory provisions for the state to collect in-kind revenues in the oil and gas sector through NOCAL's collection of a share of production on behalf of the government, the lack of oil and gas production to date means that Requirement 4.2 remained not applicable in the period under review. Likewise, despite statutory provisions for NOCAL to pay dividends to the government, and its entitlement to receive funds from the government budget, there do not

appear to have been any transfers between the state and NOCAL, nor any company fiscal payments to NOCAL, in 2018-19. Thus, the Secretariat's assessment is that Requirement 4.5 was not applicable in the period under review.

Liberia EITI has made progress in its deliberations around quasi-fiscal expenditures funded by extractive revenues since the previous Validation. The MSG agreed a definition of quasi-fiscal expenditures that is in line with the EITI and IMF's definition. However, the MSG and IA appear to have relied on NOCAL's self-reporting to assess the existence of quasi-fiscal expenditures. While the IA had reviewed NOCAL's audited financial statements for 2017-18 in determining the existence of such expenditures, it did not have access to the SOE's audited financial statements for the year under review at the time of preparing the 12<sup>th</sup> LEITI Report. While most stakeholders consulted considered that NOCAL's revenues were minimal in the period under review, some stakeholders consulted nonetheless raised questions over the SOE's use of funds generated by loans from the government and NOCAL's data provider TGS, calling for greater transparency in NOCAL's expenditures. The Secretariat considers that there have been considerable improvements in the MSG's work on quasi-fiscal expenditures since the previous Validation but that the comprehensiveness of the MSG's review of NOCAL's expenditures was constrained by the lack of availability of its audited financial statements for the period under review. Thus, the Secretariat's assessment is that Requirement 6.2 is mostly met.

### Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p><b>State participation (Requirement #2.6)</b></p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Liberia has partly met Requirement 2.6. Most stakeholders consulted did not express any views on whether the objective of ensuring an effective mechanism for transparency and accountability for well-governed extractive SOEs had been fulfilled given the lack of activity in the oil and gas sector. However, several stakeholders highlighted the public interest in the financial management of NOCAL and called for greater transparency on NOCAL through LEITI disclosures.</p> <p>The 12th LEITI Report describes the state-owned enterprise (SOE) in the oil and gas sector, NOCAL, and indicates relevant legal provisions related to its financial relations with the government. However, public documents do not provide information on the statutory rules regarding NOCAL's ability to retain earnings, reinvest, and secure third party (debt or equity) financing. The audit of NOCAL's financial statements for 2018-19 had not been completed at the time of preparation of the EITI Report and these have not yet been published as of the commencement of Validation.</p> <p>While the EITI Report confirms the lack of dividends and retained earnings by NOCAL in 2018-19, it does not provide information on the value of any reinvestments or third-party financing by NOCAL in the period under review. The report provides information on state and SOE ownership of equity interests in</p>

	<p>extractive companies, including the terms attached to equity participation, but does not provide a comprehensive list of participating interests held by NOCAL in different oil and gas projects. A government representative consulted explained that NOCAL was entitled to a 10% carried participating interest in all oil and gas PSCs, with an additional 5% participating interests reserved for citizen participation but noted that there was an online resource that tracked state participating interests in oil and gas projects, which is a moot point given the lack of active oil and gas projects at present. Liberia's EITI reporting has added value in highlighting deviations between rules and practices in the government's equity interests in different mining companies and describes the terms attached to those equity participations but raises significant concerns over the comprehensiveness of disclosures of state participations in the mining sector given the lack of systematic tracking of state participations in mining companies by government entities. Moreover, the 12th EITI Report does not refer to any changes in state participation in 2018-19, if applicable.</p> <p>Nonetheless, the report describes the sole government loan to NOCAL, including the loan terms, and confirms the lack of any other loan or guarantee from the government or SOE to any extractive companies. However, a government representative consulted explained that NOCAL had resorted to additional third-party funding in the period under review, raising a total of USD 2m in advances from its data provider TGS in 2018-19 in order to finance its operations. The TGS loan was not covered by a sovereign guarantee, but rather by future proceeds of NOCAL's data sales. The representative considered that the lack of EITI disclosures related to the TGS loan to NOCAL was an oversight. Some stakeholders noted that the SOE's use of the USD 1.5m loan from government that was still outstanding in 2018-19 remained unclear to the public. Liberia has started using EITI disclosures to clarify the rules related to NOCAL's corporate governance, although it has not yet expanded this to the practice of the SOE's corporate governance, nor to the rules and practices related to operating and capital expenditures, nor of procurement and sub-contracting.</p>
<p><b>Sale of the state's in-kind revenues (Requirement #4.2)</b></p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 4.2 remains not applicable in the period under review. The 12th EITI Report explains that NOCAL is entitled to collect, market and sell the state's share of oil production in line with the terms of the production-sharing contract (PSC), which implies that there would be in-kind revenues in the oil and gas sector. However, the EITI Report confirms that there has been no oil and gas production in Liberia to date. There are no provisions for the state to collect in-kind revenues in the mining sector.</p>
<p><b>Transactions related to state-owned enterprises (Requirement #4.5)</b></p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 4.5 is not applicable in the period under review. There was consensus among stakeholders consulted that there were no transactions related to NOCAL in the period under review (2018-19). The 12th LEITI Report states that the national oil company, NOCAL, did not collect any extractive revenues nor make any dividend payment to the government in the period under review. While the EITI Report does not explicitly confirm the lack of government transfer to NOCAL in 2018-19, there is no evidence in the government's budget execution report of any government transfers to NOCAL in the period under review, which was confirmed in stakeholder consultations that indicated that NOCAL reimbursed the loan only after the period under review.</p>

<p><b>Quasi-fiscal expenditures (Requirement #6.2)</b></p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 6.2 is not applicable in Liberia in the period under review. Some stakeholders consulted considered that the objective of transparency in quasi-fiscal expenditures had been achieved, given the lack of revenues collected by NOCAL in the period under review. While others called for greater transparency in NOCAL's spending, none highlighted any specific examples of NOCAL's quasi-fiscal expenditures in the period under review. A government official consulted strongly rejected the notion that NOCAL undertook any quasi-fiscal expenditures.</p> <p>The 12th LEITI Report contains the MSG's definition of quasi-fiscal expenditures, which is in line with the definition in the EITI Standard and confirms that NOCAL was requested to disclose any such expenditures in 2018-19 but did not report any quasi-fiscal expenditures. However, the basis for MSG's assessment that Requirement 6.2 is not applicable remains unclear, in particular whether the IA reviewed any supporting documentation as a basis for this assessment. The IA confirmed in consultations that it had relied on NOCAL's reporting that there were no quasi-fiscal expenditures in this period. While it had reviewed NOCAL's audited financial statements for the previous year (2017-18) and had not identified any such quasi-fiscal expenditures, it conceded that it had not reviewed any documentation related to NOCAL's expenditures in 2017-18. Thus, the existence and materiality of any quasi-fiscal expenditures in 2018-19 remains in doubt, although most stakeholders highlighted the lack of revenues collected by NOCAL in 2018-19. The MSG's methodology for identifying quasi-fiscal expenditures in the 2018-19 EITI Report relied on self-reporting by the SOE.</p>
<b>New corrective actions and recommendations</b>	
<ul style="list-style-type: none"> <li>• In accordance with Requirement 2.6, Liberia should ensure public disclosures of the prevailing rules and practices regarding the financial relationship between the government and material state-owned enterprises (SOEs), i.e., the rules and practices governing transfers of funds between the material SOE(s) and the state, retained earnings, reinvestment and third-party financing. Liberia should also ensure disclosures from the government and material SOE(s) of their level of ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by material SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period. This information should include details regarding the terms attached to their equity stake, including their level of responsibility for covering expenses at various phases of the project cycle, e.g., full-paid equity, free equity or carried interest. Where there have been changes in the level of government and SOE(s) ownership during the EITI reporting period, the government and material SOE(s) are expected to disclose the terms of the transaction, including details regarding valuation and revenues. Material SOEs are expected to publicly disclose their audited financial statements, or the main financial items (i.e., balance sheet, profit/loss statement, cash flows) where financial statements are not available, for the years covered by EITI reporting. To strengthen implementation, Liberia is encouraged to describe the rules and practices related to material SOEs' operating and capital expenditures, procurement, subcontracting and corporate governance, e.g., composition and appointment of the Board of Directors, Board's mandate and code of conduct.</li> <li>• To strengthen implementation, Liberia is encouraged to consider the existence and materiality of transactions related to extractive state-owned enterprises (SOEs) on an annual basis to ensure that the EITI reporting process comprehensively addresses the role of SOEs, including comprehensive and reliable disclosures of material company payments to SOEs, SOE transfers to government agencies and government transfers to SOEs.</li> </ul>	

- To strengthen implementation, Liberia is encouraged to use its EITI disclosures consider the existence and materiality of any quasi-fiscal expenditures undertaken by material state-owned enterprises (SOEs), including SOE subsidiaries and joint ventures, on an annual basis, to ensure a level of transparency commensurate with other payments and revenue streams.

## Production and exports (Requirements 3.2, 3.3)

### Overview of progress in the module

Liberia produces and exports three key mineral commodities, namely iron ore, gold and diamonds. A significant share of gold and all of diamond production is artisanal mined. There has been no oil and gas production in Liberia to date. Liberia has used its recent EITI reporting to provide a diagnostic of official government mineral production data, raising concerns and issuing recommendations related to strengthening the Ministry of Mines and Energy's oversight of production. However, Liberia has not used its EITI reporting to disclose the values of mineral production, given company concerns over disaggregated disclosures at a company level on production values. While production values are publicly disclosed through bi-monthly statistical publications by the central bank, stakeholders expressed reservations about using this data in LEITI reporting. While there is evidence of mineral production beside the three mineral commodities reported, these appear to consist of industrial and construction minerals, barite and sand. The lack of mining production data agreed by the MSG to be disclosed supports the Secretariat's assessment that Requirement 3.2 is mostly met.

Export data for all extractive commodities is systematically disclosed in Liberia and disaggregated by company, project, and region through EITI reporting. While EITI reporting of export data is based on material companies' disclosures, this appears to be comprehensive of Liberia's total exports given that there is only one iron ore producer. Thus, the Secretariat's assessment is that Requirement 3.3 remains fully met.

### Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<b>Production (Requirement #3.2)</b>  <i>Mostly met</i>	The Secretariat's assessment is that Liberia has mostly met Requirement 3.2. Most stakeholders consulted did not express particular opinions on whether the objective of ensuring public understanding of extractive commodities production levels and the valuation of extractive commodity output had been fulfilled and several stakeholders casted doubt on the comprehensiveness of production data in the 12 <sup>th</sup> LEITI Report given the lack of production values. The 12 <sup>th</sup> LEITI Report confirms the lack of oil and gas production and provides mining production volumes by each of the three mineral commodities (iron ore, gold, diamonds), by company, project, and region, although it does not provide production values. The

	<p>report raises concerns over the comprehensiveness and accuracy of government production data, with production data disclosed in the report based on material companies' EITI reporting. This means that mining production data in the EITI Report is based on only three mining companies' reporting to the EITI, as well as gold and diamond dealers' reporting of artisanal-mined gold and diamond production. Production figures from the Ministry of Mines and Energy are provided, although there are differences in production data for iron ore and artisanal-mined gold. However, production values are not disclosed in the 12<sup>th</sup> LEITI Report. Stakeholder consultations indicated that reporting companies had not agreed to disclose production values given that this data was considered commercially sensitive. While Liberia's EITI reporting and submission for this Validation did not highlight the availability of other government production data, the Central Bank of Liberia's bi-monthly statistical reports provide monthly disclosures of output volumes and values for the three main mineral commodities produced (see for instance the CBL's <a href="#">January-February 2020 Liberia Financial Statistics</a>). However, in consultations, the IA noted that it had not used this data source because CBL statistics were based on a calendar year while LEITI reporting was based on the July-June fiscal year. It is unclear why monthly CBL output data could not have been used to estimate fiscal year mineral production volumes and values. Although third-party sources such as the <a href="#">USGS Minerals Yearbook on Liberia</a> indicate that other mineral commodities were produced in this period, these appear to consist of industrial minerals such as barite and stone.</p>
<p><b>Exports (Requirement #3.3)</b></p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Liberia has fully met Requirement 3.3. Stakeholders consulted did not express any particular views on whether the objective of ensuring public understanding of extractive commodities export levels and the valuation of extractive commodity export had been fulfilled. The 12<sup>th</sup> LEITI Report discloses data on export volumes and values for three mineral commodities (iron ore, gold and diamonds), based on reporting companies' disclosures to the EITI. These disclosures are disaggregated by company and project, aside from artisanal-mined gold and diamonds. The Central Bank of Liberia's bi-monthly statistical reports provide monthly disclosures of export volumes and values for the three main mineral commodities exported (see for instance the CBL's <a href="#">January-February 2020 Liberia Financial Statistics</a>). The Secretariat's view is that there is no evidence of significant back-sliding compared to the period reviewed under the previous Validation when Requirement 3.3 was assessed as 'satisfactory progress'.</p>
<p><b>New corrective actions and recommendations</b></p>	
<ul style="list-style-type: none"> <li>• In accordance with Requirement 3.2, Liberia should ensure that production volumes and values are publicly disclosed for every mineral commodity produced in the period under review by EITI reporting. To strengthen implementation, Liberia is encouraged to ensure that the sources and methods for calculating mineral production volumes and values are publicly described.</li> <li>• To strengthen implementation, Liberia is encouraged to ensure that export volumes and values of every extractive commodity exported are publicly disclosed disaggregated by region, company or project, and that the sources and methods for calculating export volumes and values are publicly described.</li> </ul>	

## Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

### Overview of progress in the module

Two of the three EITI Reports published since the last Validation, the 9<sup>th</sup> and 10<sup>th</sup>-11<sup>th</sup> LEITI Reports covering 2015-16 and 2016-18 respectively, were based on a conventional reconciliation of company payments and government revenues. The latest (12<sup>th</sup>) LEITI Report covering 2018-19 was produced based on the Board-approved "flexible" EITI reporting approach in response to the Covid-19 pandemic, consisting of unilateral government disclosure of extractive revenues without a reconciliation with company payments. Liberia has included the forestry and agriculture sectors in the scope of its EITI disclosures of government revenues since the 2<sup>nd</sup> LEITI Report covering 2008-09. While this expansion in the scope of EITI disclosures to sectors beyond mining, oil and gas is welcome and covered under Requirements 1 and 7 of this Validation, gaps in the comprehensiveness and reliability of EITI disclosures related to forestry and agriculture are not taken into account in the assessment of Liberia's progress in the Transparency (data disclosures) requirements of the EITI Standard.

Liberia's 12<sup>th</sup> EITI Report confirms the MSG's decision to adopt a "flexible" approach to disclosures of financial data on government revenues for 2018-19 and is based on a ToR that is aligned with the Board-approved template for "flexible" EITI Reports agreed in 2020. However, while the EITI Report states that all government revenues from the 367 mining license-holders and five oil and gas companies parties to oil and gas contracts that were active in the period, it provides disaggregated disclosures of government revenues that have been subject to the MSG's agreed quality assurances for only a dozen companies. While only a minority of mining, oil and gas companies (three of five material mining companies and neither of the two material oil and gas companies) that were required to report non-financial data given that their aggregate payments to government totalled more than USD 500,000 in 2018-19 actually reported in practice, this did not cause gaps in the disclosure of government revenues given that companies were not required to report their payments to government. The main revenue collecting government entities (the Liberian Revenue Authority, the National Port Authority and the Environmental Protection Agency) all provided full disclosure of revenues from extractive companies. Stakeholder consultations confirmed that neither NOCAL nor the LPRA collected any (oil and gas) revenues in 2018-19. The lack of disaggregation of government revenues by individual revenue stream is a concern but is covered under the disaggregation of disclosures (see *Requirement 4.7*). While the lack of description of each material revenue stream is a concern, stakeholders consulted considered that the objective of comprehensive disclosures of government extractive revenues had been fulfilled for 2018-19. Thus, the Secretariat's assessment is that Requirement 4.1 is fully met.

Liberia has used its EITI reporting since the last Validation to review contractual provisions for the development of infrastructure, which is a significant improvement on the period covered by the previous Validation. Liberia's three recent EITI Reports categorise five different MDAs as containing infrastructure provisions that are considered to meet the definition of barter-type infrastructure arrangements in Requirement 4.3. These range from the development of railway and port infrastructure in the case of the two MDAs involving Arcelor Mittal and China Union 2 Mining Co. respectively, to the development of public roads in the cases of three MDAs involving BHP Billiton, Putu Iron Ore and Western Cluster. However, it remains unclear from the EITI Reports whether the government pledged a counter-vailing benefits stream for the company in



exchange for these infrastructure development commitments. The infrastructure works referenced in the first two MDAs appear to consist of infrastructure necessary for the commercial viability of the respective projects, while the infrastructure works in the latter three MDAs appear to consist of contractually mandated social expenditures. None of the stakeholders consulted could explain the basis for categorising any of these five MDAs as including barter-type infrastructure provisions. However, several stakeholders highlighted that the relevant mining companies had reported that the MDAs were ‘not active’, albeit without explaining whether the respective MDAs had been formally cancelled. An industry stakeholder contested the categorisation of the Arcelor Mittal MDA as containing barter-type infrastructure provisions. The Secretariat’s view is that it is possible that provisions for the development of infrastructure in these MDAs may have been miscategorised as barter-type infrastructure provisions when they may have constituted contractually mandated social infrastructure works, although there is insufficient information in the public domain to conclude on this view. If these MDAs were in fact properly classified as barter-type infrastructure provisions, the Secretariat’s view is that it should have been possible to publicly describe in a more comprehensive manner the terms of the relevant agreements and contracts, the parties involved, the resources which have been pledged by the state, the value of the balancing benefit stream (e.g., infrastructure works), and the materiality of these agreements relative to conventional contracts. Thus, the Secretariat’s assessment is that Requirement 4.3 is mostly met. Nonetheless, the 12<sup>th</sup> LEITI Report adequately confirms the lack of government revenues from the transportation of extractive commodities and the Secretariat’s assessment is that Requirement 4.4 remains not applicable in the period under review.

Following the interruption of EITI implementation in 2017-19, Liberia has made efforts to improve the timeliness and disaggregation of its EITI disclosures in the most recent two EITI Reports. The MSG has agreed a definition of project that is in line with that in Requirement 4.7 and has confirmed that all government revenues (including tax and non-tax revenues) are levied at an individual project basis. However, EITI disclosures of government extractive revenues in the 12<sup>th</sup> LEITI Report are presented separately disaggregated by government entity, revenue stream, company and project, but does not present the government’s revenue data disaggregated in all four ways at once. Thus, the Secretariat’s assessment is that Requirement 4.7 is mostly met. Nonetheless, LEITI has made efforts to gradually improve on the timelines of reporting by publishing the 10<sup>th</sup>-11<sup>th</sup> LEITI Reports covering 2016-18 in December of 2019 and the 12<sup>th</sup> LEITI Report covering 2018-19 in April 2021, two months ahead of Liberia’s EITI reporting deadline. Thus, despite significant delays in producing LEITI Reports covering 2015-16 and 2016-17, the Secretariat’s assessment is that Requirement 4.8 has been fully met from December 2019 onwards. The Secretariat’s view is that delays in producing the 9<sup>th</sup> and 10<sup>th</sup> LEITI Reports were linked to broader dysfunctions in the MSG (see *Requirement 1.4*).

Liberia has sought to ensure the reliability of EITI financial disclosures even with the transition to “flexible” EITI reporting in the 12<sup>th</sup> LEITI Report. Rather than a reconciliation of company payments and government revenues, the latest EITI Report relies on attestations from senior officials within the reporting government entities to ensure the reliability of government revenue disclosures. However, in the absence of a detailed review of government audit and assurance practices in 2018-19 and given a statement by the IA in the 2018-19 EITI Report that concludes that the comprehensiveness and reliability of government revenue data is satisfactory albeit without reference to government disclosures being based on data that has undergone audit and assurances in line with international audit standards, the Secretariat cannot conclude that the

objective of strengthening routine government and company audit and assurance systems and practices, while ensuring that stakeholders can have confidence in the reliability of the financial data on payments and revenues, has yet been fulfilled. Indeed, there is little evidence that the IA and MSG based the quality assurances for government EITI reporting for 2018-19 on a review of actual audit practices in this period. Most stakeholders consulted did not express particular views about the reliability of government revenue data in the 12<sup>th</sup> LEITI Report, although some government officials considered that the approach to data reliability was in line with the Board-approved provisions for “flexible” EITI reporting. The Secretariat’s assessment is that Requirement 4.9 is mostly met.

### Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p><b>Comprehensive disclosure of taxes and revenues (Requirement #4.1)</b></p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Liberia has fully met Requirement 4.1, in accordance with the "flexible" EITI reporting approved by the Board in May 2020. There was consensus among stakeholders consulted that the objective of comprehensive disclosures of government revenues from oil, gas and mining had been fulfilled. The 12<sup>th</sup> LEITI Report confirms that the MSG agreed on materiality definitions for revenue streams and companies with the revenue streams considered material listed in the report, with clear materiality thresholds indicated. The lack of description of all 29 material revenue streams in the 12<sup>th</sup> LEITI Report is only a minor concern. Given that the report was produced under the "flexible" approach, it relied on government unilateral disclosure of revenues from extractive companies, with a selection of the largest taxpaying companies being sent reporting templates for non-financial information (e.g., beneficial ownership data). All extractive companies and government agencies receiving material payments are identified and listed. While 2 of the 5 mining companies and both of the oil and gas companies selected to report additional information did not do so, this did not have an impact on the government's unilateral disclosure of revenues. The government has provided full unilateral disclosure of revenues - with the lack of revenue collection in 2018-19 by both LPRA and NOCAL confirmed in stakeholder consultations - from all 367 mining companies and 5 oil and gas companies in the country in 2018-19, albeit only disaggregated by receiving government agency, not by individual revenue stream. The IA explained in consultations that the LPRA had collected only a total of USD 100,000 in license fees related to the fiscal year 2018-19, but that these were excluded from the scope of disclosures in the 12<sup>th</sup> LEITI Report as they were received after the end of the period under review, in July 2019. The IA confirmed that oil and gas companies did not make payments specific to the oil and gas sector (application fees, surface rental) in 2018-19. The EITI Report contains an assessment by the IA on the comprehensiveness of EITI financial disclosures. The lack of description of material revenue streams in the 12<sup>th</sup> LEITI Report is a concern, although description of each revenue stream is available from previous EITI Reports and a review of the relevant laws and regulations.</p>

<p><b>Infrastructure provisions and barter arrangements (Requirement #4.3)</b></p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 4.3 is not applicable in Liberia in the period under review. Stakeholders consulted did not express any particular views on whether the objective of public understanding of infrastructure provisions and barter-type arrangements had been achieved, although several stakeholders expressed confusion over the 12<sup>th</sup> LEITI Report's coverage of barter-type arrangements. The 12th LEITI report states that there were no infrastructure provisions or barter arrangements in the oil and gas sector in Liberia during the period under review. However, the report also notes that the MSG considered that five different Minerals Development Agreements (MDAs) included barter-type infrastructure provisions in accordance with Requirement 4.3. These consist of two MDAs (with Arcelor Mittal and China Union 2 Mining Co. respectively) that include contractual provisions for the company to develop rail and port infrastructure and another three MDAs (with BHP Billiton, Putu Iron Ore and Western Cluster respectively) that include provisions to develop all-weather roads for public use in the vicinity of the companies' operations. However, all of these five MDAs are marked as 'not active', without further explanation. In consultations, the IA confirmed that it considered that these were all barter-type infrastructure provisions in accordance with Requirement 4.3 but noted that the companies had reported them as inactive without providing additional information. The IA noted that it had categorised these five MDAs as containing barter-type infrastructure provisions given that they were classified as such in previous LEITI Reports but that the relevant companies had indicated that the agreements were not active in 2018-19. However, an industry stakeholder consulted categorically stated that the Arcelor Mittal MDA did not include any barter-type infrastructure provisions in the sense of Requirement 4.3 and highlighted the company's payment of a significant signature bonus upon signature of the MDA, which indicated that the infrastructure works were not pledged in lieu of fiscal payments associated with the award of mining rights. Thus, the existence of infrastructure provisions and barter types agreements are in dispute. While the MSG has sought to demonstrate that these agreements were not considered material in the period under review given that they were inactive, Liberia's EITI reporting has provided insufficient information to understand whether the infrastructure works in these five MDAs were agreed in full or partial exchange for oil, gas or mining exploration or production rights. Therefore, while Liberia has made progress on the corrective action related to Requirement 4.3 since the previous Validation, the precise terms of the barter-type infrastructure provisions of five MDAs remain unclear based on publicly available sources. The Secretariat's view is that the infrastructure provisions in the five mining contracts (MDAs) highlighted in Liberia's EITI Reports are not barter-type infrastructure provisions given that they were not in full or partial exchange of a counter-valuing benefit stream from government, such as mineral rights or the physical delivery of mineral commodities.</p>
<p><b>Transportation revenues (Requirement #4.4)</b></p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 4.4 remains not applicable in the period under review. The 12th LEITI Report confirms that there were no transportation payments related to extractive commodities collected by the government in the period under review.</p>
<p><b>Level of disaggregation (Requirement #4.7)</b></p>	<p>The Secretariat's assessment is that Liberia has mostly met Requirement 4.7. Most stakeholders consulted did not express particular views on whether the objective of enabling public oversight of the government's monitoring of its extractive revenue collection as defined by the legal and fiscal framework had</p>

<i>Mostly met</i>	<p>been fulfilled, although the IA considered that this had been accomplished despite the disaggregation of all payments to government by individual license. The 12<sup>th</sup> LEITI Report presents government extractive revenue data that is disaggregated by individual company, government entity and revenue stream separately, but not disaggregated in all three ways in the same dataset. The report also contains the MSG's agreed definition of a project, which consists of an MDA or exploration license in the mining sector and of a PSC in the oil and gas sector. While the 12<sup>th</sup> LEITI Report states that all government extractive revenues are de facto levied on a per project basis given the EITI Report's perception that all extractive companies hold only one license or contract, evidence from the Ministry of Mines' cadastral portal indicates that several mining companies hold more than one license. There is no evidence that the MSG has published a list of projects that cover several substantially interconnected legal agreements. In consultation, the IA explained that the MSG had considered that all extractive companies only hold one license or contract but noted that the tax regime statutorily ring-fenced tax computations on a per license or contract basis. Consultations and a review of the mining cadastre also indicated that certain companies held several licenses. Therefore, while the MSG has made progress towards project-level reporting, all applicable government extractive revenue data does not appear to be presented disaggregated by project, company, revenue stream, and government entity at the same time.</p>
<p><b>Data timeliness (Requirement #4.8)</b></p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Liberia has fully met Requirement 4.8. While several stakeholders consulted raised concerns over the delays in publishing EITI Reports in the 2017-19 period, most stakeholders consulted considered that the objective of public disclosures of company payments and government revenues from oil, gas and mining in a sufficiently timely manner had been fulfilled with the latest EITI Report. Reporting delays had contributed to Liberia's temporary suspension by the EITI in September 2018. The suspension was lifted in March 2020 following improvements in the MSG's oversight of implementation (Requirement 1) and the publication of outstanding 2016-17 and 2017-18 EITI Reports in 2019. The 2018/2019 EITI Report was published two months ahead of the deadline, in April 2021. Evidence suggests that the MSG agreed the reporting period covered by the EITI Report. There is evidence that the MSG is undertaking procurement for the 13<sup>th</sup> and 14<sup>th</sup> LEITI Reports in early 2022, with a view to improving the timeliness of EITI reporting in Liberia.</p>
<p><b>Data quality and assurance (Requirement #4.9)</b></p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Liberia has mostly met Requirement 4.9. Most MSG members consulted expressed satisfaction at the reliability of financial data disclosed in Liberia's EITI reporting, although several stakeholders considered that it was too early to assess whether data reliability had been maintained with the transition to the "flexible" EITI reporting. Consulted stakeholders' opinions were split over whether the EITI was contributing to strengthening routine government and company audit and assurance systems and practices, with some stakeholders considering that the EITI recommendations were more focused on the process of EITI reporting rather than broader audit and assurance practices.</p> <p>Liberia produced its latest EITI Report (2018-19) based on the "flexible" EITI reporting approach agreed by the EITI Board in May 2020, based solely on government unilateral disclosure of extractive revenues without reconciliation with company payments. The MSG has approved this approach and agreed ToR for the EITI Report in line with the Board-approved "flexible" EITI Report ToR and</p>

appears to have approved the reporting templates. The 12th LEITI Report includes the IA's review of audit standards in the public and private sectors, albeit without any assessment of deviations from international audit standard nor with any description of the practice of government audit and assurances in 2018-19. The EITI Report describes the quality assurances agreed for government EITI reporting of revenues and confirms that all government entities adhered to these procedures in practice. While the 12th LEITI Report contains a statement from the IA that it considers the government extractive revenue data to be comprehensive and reliable, it does not include a clear statement about whether the government extractive revenue data has been subject to audits to international standards. Some of the information in the 12th LEITI Report does not appear to include clear sources for the data provided. In its comments on the draft assessment, the MSG argued that the assessment of Requirement 4.9 should be upgraded to fully met given that all reporting government entities submitted the quality assurances agreed by the MSG for EITI reporting covering 2018-19. However, the Secretariat's view is that the lack of description of actual audit and assurance practices related to government accounts (and revenues specifically), combined with a lack of statement of whether the government revenues disclosed in the EITI Report were subject to audits in line with international standards, means that the objective of ensuring that appropriate measures have been taken to ensure the reliability of disclosures of government extractive revenues has been mostly met.

#### New corrective actions and recommendations

- To strengthen implementation, Liberia is encouraged to explore ways of enhancing systematic disclosures of company payments and government revenues related to the extractive industries through routine government and company systems. To strengthen implementation, extractive companies are expected to publicly disclose their audited financial statements, or the main items (i.e., balance sheet, profit/loss statement, cash flows) where financial statements are not available.
- To strengthen implementation, Liberia is encouraged to consider whether there are any agreements or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities on an annual basis. Where the MSG concludes that these agreements are material, they should be publicly disclosed in accordance with Requirement 4.3.
- In accordance with Requirement 4.7, Liberia should ensure that EITI data on company payments and government revenues from the extractive industries is publicly disclosed disaggregated by government entity, revenue stream, company and, where applicable, by individual project. If certain payments are levied at the level of multiple agreements that are substantially interconnected, the MSG must clearly identify and document which instances are considered to be a single project for the purposes of levying revenues.
- To strengthen implementation, Liberia is encouraged to explore ways of improving the timeliness of EITI disclosures, where possible building on systematic disclosures by government and companies, with a view to improving the relevance of EITI disclosures to public debate and policymaking.
- In accordance with Requirement 4.9, Liberia should ensure that an assessment is publicly disclosed of whether the payments and revenues disclosed through annual EITI reporting are subject to credible, independent audit, applying international auditing standards. The expectation is that government and company disclosures as per Requirement 4 are subject to credible, independent audit, applying international auditing standards. The expectation is that disclosures as per Requirement 4 will include an explanation of the underlying audit and

assurance procedures that the data has been subject to, with public access to the supporting documentation and recommendations for strengthening underlying government and company audit and assurance procedures and practices.

## Revenue management (Requirements 5.1, 5.3)

### Overview of progress in the module

Liberia operates a single Treasury account model of public finance management, with all central government revenues collected and transferred to the Consolidated Revenue Fund (Treasury Account 1 at the Central Bank of Liberia). The exceptions to the single Treasury account rule relate to revenues collected by regulatory agencies like the National Port Authority (NPA), the Liberia Petroleum Regulatory Authority (LPRA) and the Environmental Protection Agency (EPA). Liberia has used its EITI reporting to clarify the types of extractive revenues that are not recorded in the national budget, although consultations with government stakeholders identified some inaccuracies in the 12<sup>th</sup> LEITI Report. The EITI Report identifies three types of extractive revenues not recorded in the national budget, namely (a) mining companies' contributions to the Scientific Research Fund paid to the LRA for onward transfer to the Ministry of Mines and Energy, (b) oil and gas companies' various payments to NOCAL including contributions to the Rural Energy Fund (REFUND) and to the University of Liberia (UL) that are remitted by NOCAL to the respective entities, and (c) extractive companies' payments to the NPA. However, several government officials consulted stated categorically that NOCAL had not collected any revenues in 2018-19 given that its regulatory powers were transferred to the LPRA, and explained that contributions to the Scientific Research Fund, to REFUND and to UL were all recorded in the national budget, despite being earmarked extractive revenues. The officials consulted however noted that extractive companies' payments to the NPA and EPA were not recorded in the national budget, since they represented the regulatory agencies' self-generated revenues. The 12<sup>th</sup> LEITI Report provides the value of extractive revenues collected by the NPA and EPA in 2018-19. Yet Liberia's EITI reporting has not provided a detailed description of the management of these off-budget revenues, nor any reference to publicly accessible financial reports describing the allocation of these funds. Thus, the Secretariat's assessment is that Requirement 5.1 is mostly met.

Liberia has used its EITI reporting to provide some information on the statutory budget and public-sector audit procedures, as well as some information on earmarked extractive revenues. However, it has not yet used its EITI implementation to publicly disclose forward-looking data of relevance to the budget cycle, which could make a meaningful contribution to national debates about resource dependence. Thus, there remain substantive aspects encouraged under Requirement 5.3 that remain outstanding, yet would seem relevant to public debate over extractive production and revenue forecasts. Thus, the Secretariat's assessment is that Requirement 5.3 remains not assessed, pending additional disclosures that would comprehensively address encouraged aspects of the requirement.

### Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p><b>Distribution of extractive industry revenues (Requirement #5.1)</b></p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Liberia has mostly met Requirement 5.1. Consulted stakeholders' opinions were split over whether there were any extractive revenues collected by government entities that were not recorded in the national budget, despite the 12<sup>th</sup> LEITI Report's categorisation of certain extractive revenues as not recorded in the national budget. There were thus differing views over whether the objective of ensuring traceability of extractive revenues to the national budget had yet been fulfilled. Those stakeholders who did consider that extractive revenues collected and retained by the NPA and EPA were not recorded in the national budget expressed scepticism over whether the objective of traceability of extractive revenues had been fulfilled.</p> <p>The 12th LEITI Report provides a description of which extractives sector revenues are recorded in the national budget and which are not recorded in the national budget, how they are collected, and where they are eventually remitted. However, while the report provides the value of government extractive revenues that are not recorded in the national budget, it also provides inconsistent information on whether the value of these off-budget revenues was comprehensively disclosed, given its statement that mining companies' contributions to the Scientific Research Fund were not comprehensively reported for 2018-19. Several government officials consulted strongly contested that mining companies' contributions to the Scientific Research Fund and oil and gas companies' contributions to the Rural Energy Fund (REFUND) and to the University of Liberia (UL) were not recorded in the national budget. There thus remains a lack of clarity over which specific extractive revenues are not recorded in the government's budget. Nonetheless, the EITI Report confirms the lack of extractive revenues collected by NOCAL in 2018-19. Of greater concern, the 12th LEITI Report does not describe the management of the extractive revenues not recorded in the national budget, nor provide guidance on accessing financial reports describing the management of these funds. The 12th LEITI Report references national revenue classification systems.</p> <p>In its comments on the draft assessment, the MSG argues that the assessment of Requirement 5.1 should be upgraded to fully met, given that all government revenues from the extractive industries are collected in the Consolidated Fund Account (single Treasury account) and recorded in the national budget. However, the comments also imply that the flow-chart of off-budget extractive revenues in the <a href="#">2018-19 EITI Report</a> (p.120) is accurate. The flow-chart in the EITI Report categorises five types of extractive revenues collected by various government entities (LRA, NOCAL and the NPA) as "off-budget", i.e., not recorded in the national budget. Thus, it does appear that there are five types of off-budget government extractive revenues, the management of which in practice does not appear to be comprehensively disclosed for 2018-19.</p>
<p><b>Revenue management and expenditures (Requirement #5.3)</b></p> <p><i>Not assessed</i></p>	<p>The Secretariat's assessment is that Requirement 5.3 remains not assessed in Liberia in the period under review, given that Liberia has made progress on some, but not yet all, of the encouraged aspects of Requirement 5.3. Several stakeholders from different constituencies called for more EITI disclosures on expenditures funded by extractive revenues, implying that they did not consider that the objective of strengthening public oversight of the use of extractives</p>

	<p>revenues to fund public expenditures had yet been fulfilled. The 12th LEITI Report provides information on the budget process, including the laws and policies guiding the process. It also contains links to publicly available information about the audit process. However, the 12th LEITI Report does not clarify whether or not there are any extractives revenues that are earmarked for specific programmes or geographic regions in Liberia and is also missing information on whether there is timely information from the government that would enhance public information and debate around issues of revenue sustainability and resource dependence.</p>
<b>New corrective actions and recommendations</b>	
<ul style="list-style-type: none"> <li>• In accordance with Requirement 5.1, Liberia should ensure public disclosure of 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 publicly explained, with links provided to relevant financial reports as applicable, e.g., sovereign wealth and development funds, subnational governments, state-owned enterprises, and other extra-budgetary entities.</li> <li>• To strengthen implementation, Liberia is encouraged to disclose further information on revenue management and expenditures, including a description of any extractive revenues earmarked for specific programmes or geographic regions as well as a description of the methods for ensuring accountability and efficiency in their use. Liberia may wish to use its EITI disclosures to provide timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence, which 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.</li> </ul>	

## Subnational contribution (Requirements 4.6, 5.2, 6.1)

### Overview of progress in the module

Liberia's subnational government units, in the 15 counties, do not have revenue-raising powers and are not entitled to a share of government revenues from the extractive industries by provisions of the constitution or applicable laws and regulations. While stakeholder consultations highlighted discussions to amend the Minerals and Mining Act to introduce provisions for direct payments to subnational governments, there was consensus among all consulted that there had been no reforms in fiscal devolution of extractive revenues since the period assessed in the previous Validation. Thus, the Secretariat's assessment is that Requirements 4.6 and 5.2 on subnational payments and transfers remained not applicable in the period under review.

There are contractual requirements in both the mining and petroleum sectors for companies to undertake mandatory social expenditures, contained in the provisions of the Mineral Development Agreements (MDAs) and oil and gas production sharing contracts (PSCs). Liberia has used its EITI reporting to undertake a review of some, but not all, of the contractually required social expenditures codified in MDAs. The 12<sup>th</sup> LEITI Report discloses mandatory social expenditures disclosed by the three mining companies that participated in EITI reporting for 2018-19 but was constrained by the lack of disclosures by two of the five material mining companies and the two material oil and gas companies (see *Requirement 4.1*). Information



provided on the three mining companies' social expenditures was in line with the data listed in Requirement 6.1.a, including in the disclosure of the identity of non-government beneficiaries.

The legal and contractual requirements for extractive companies to make payments to government related to the environment are less clear from Liberia's EITI reporting. Liberia's EITI reporting of environmental payments has covered both payments to the EPA for environment-related fees as well as payments to private vendors and contracts for the completion of reports (e.g., audits) to be submitted to the EPA. In practice, the 12<sup>th</sup> LEITI Report discloses only one mining company's payments of environment-related fees to the EPA. None of the stakeholders consulted could clarify whether this meant that none of the other mining companies had made any payments to the EPA, or whether the low level of disclosures of EPA revenues was due to gaps in disclosures. Nonetheless, several CSOs consulted highlighted the significant public interest around extractive companies' social and environmental contributions. They noted the relevance of EITI disclosures in these areas but did not express any views on the comprehensiveness of data disclosed in the 12<sup>th</sup> LEITI Report. Thus, the Secretariat's assessment is that Requirement 6.1 is mostly met in the period under review.

### Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<b>Subnational payments (Requirement #4.6)</b>  <i>Not applicable</i>	The Secretariat's assessment is that Requirement 4.6 remains not applicable in the period under review. This was confirmed by consensus among stakeholders consulted. The 12th LEITI Report confirms that there were no direct subnational payments by extractive companies in the period under review
<b>Subnational transfers (Requirement #5.2)</b>  <i>Not applicable</i>	The Secretariat's assessment is that Requirement 5.2 remains not applicable in the period under review. This was confirmed by consensus among stakeholders consulted. The 12th LEITI Report states that the LEITI MSG agreed on the lack of sub-national transfers in the mining sector in 2018-19 and that there was no production in the oil and gas sector in this period. While the basis for the MSG's assessment is unclear from the 12th LEITI Report and appears based on the assessment of subnational transfers in previous years, the Secretariat understands that there has been no constitutional, legal or regulatory reforms since the previous Validation that introduced any type of subnational transfers of extractive revenues.
<b>Social and environmental expenditures (Requirement #6.1)</b>  <i>Mostly met</i>	The Secretariat's assessment is that Liberia has mostly met Requirement 6.1, without considerable improvements over the previous Validation. Opinions of stakeholders were split over whether the objective of assessing extractive companies' compliance with their legal and contractual obligations to undertake social and environmental expenditures was being fulfilled. Most MSG members considered that EITI reporting was opening up the social and environmental aspects of the extractives, while other stakeholders considered

	<p>that there was too little information on social expenditures in Liberia’s latest EITI Report. Many stakeholders consulted highlighted the public interest in social and environmental information.</p> <p>The 12th LEITI Report confirms that mandatory social expenditures are applicable in both mining and petroleum sectors, in accordance with clauses of the relevant contracts (MDAs and PSCs). While the EITI Report provides disclosures of mandatory social expenditures from the three material mining companies that participated in EITI reporting for 2018-19, the Secretariat’s view is that these disclosures are not comprehensive of all mining, oil and gas companies’ mandatory social expenditures in the period under review. The IA confirmed that it had included all social expenditures disclosed by reporting companies in the 2018-19 EITI Report.</p> <p>The 12th LEITI Report implies that companies are required to make environmental payments to government in relation to their environmental impact assessments, it does not provide a comprehensive description of the types of environmental payments to government that extractive companies are required to undertake. The report provides the EPA’s disclosures of annual environmental license fees collected from mining, oil and gas companies, as well as one mining company’s (Bea Mountain Mining) disclosures of its payments to the EPA related to environmental audit fees. There is some confusion in the EITI Report between companies’ disclosures of their environmental payments to government and environment-related payments to other companies, including service providers and contractors. While the low level of mining, oil and gas company participation in EITI reporting for 2018-19 is covered under the comprehensiveness of disclosures (see Requirement 4.1), the low level of company reporting of social expenditures and EIA and environmental audit fees to the EPA implies that the objective of enabling public understanding of extractive companies’ social and environmental contributions is not yet fulfilled.</p>
<p><b>New corrective actions and recommendations</b></p>	
<ul style="list-style-type: none"> <li>• In accordance with Requirement 6.1.a, Liberia should ensure that all material social expenditures by companies that are mandated by law or the contract with the government that governs the extractive investment are comprehensively and reliably disclosed to the requisite level of detail. In accordance with Requirement 6.1.b, Liberia should ensure that all material payments by companies to the government related to the environment that are mandated by law, regulation or contract that governs the extractive investment are comprehensively and reliably disclosed. To strengthen implementation, Liberia is encouraged to publicly disclose all material discretionary social expenditures as well as mandatory and discretionary environmental expenditures and transfers, with a view to achieving transparency commensurate with the disclosure of other payments and revenues.</li> </ul>	

## Background

### Overview of the extractive industries

An overview of the extractive industries is accessible on the [country page](#) of the EITI website for Liberia.

### History of EITI implementation

The history of implementation is accessible on the [country page](#) of the EITI website for Liberia.

### Explanation of the Validation process

An overview of the Validation process is available on the EITI website.<sup>3</sup> The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, while the more detailed [Validation procedure](#) include a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team include Michael Uzoigwe and Gilbert Makore, while the Validation team was comprised of Alex Gordy and Riley Zecca. The internal review for quality assurance was conducted by Bady Baldé, Gisela Granado and Gilbert Makore.

### Confidentiality

The detailed data collection and assessment templates are publicly accessible, on the internal Validation Committee page here.

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency. This draft report is shared with stakeholders for consultation purposes and remains confidential as a working document until the Board takes a decision on the matter.

### Timeline of Validation

The Validation of Liberia commenced on 1 January 2022. A public call for stakeholder views was issued on 15 November 2021. Stakeholder consultations were held virtually on 21 February – 4 March 2022. The draft Validation report was finalised on 24 March 2022. Following comments from the MSG on 22 April 2022, the Validation report was finalised for consideration by the EITI Board.

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<sup>3</sup> See <https://eiti.org/validation>

## Resources

- Validation data collection file – [Stakeholder engagement](#)
- Validation data collection file – [Transparency](#)
- Validation data collection file – [Outcomes and impact](#)

## Annex A: Assessment of Requirement 1.4 on MSG governance

### Methodology

Due to the existence of a corrective action related to the MSG's oversight of implementation and the long period since the previous Validation during which time the EITI Board conducted a limited review of Liberia's adherence to Requirement 1 in 2019, the International Secretariat's Validation team has conducted a detailed assessment of Liberia's progress on Requirement 1.4 on MSG governance.

The assessment follows the Validation Guide, which defines guiding questions and related evidence that should be considered.<sup>4</sup> It focuses on the areas where there are concerns regarding progress in ensuring that there is an independent MSG that can exercise active and meaningful oversight of all aspects of EITI implementation that balances the three main constituencies' interests in a consensual manner.

A call for stakeholder views on progress in EITI implementation was launched on 15 November 2021, in accordance with the Validation procedure. The assessment draws on the information provided in the MSG's data collection templates for Validation, other publicly accessible information and stakeholder consultations.

### MSG composition and membership

The MSG appears to have provided effective oversight of EITI implementation in the 2017-21 period, with the exception of the period of LEITI's governance crisis in 2018-19 when the MSG did not function effectively. While the MSG appears to have overcome this crisis since the second half of 2019, the lack of formalised constituency MSG nominations procedures creates a risk that external interference in constituency nominations could be repeated in future, under a different administration, and do not provide assurances that the nominations procedures for all industry and civil society representatives were open to all members of the broader constituencies.

The procedures for MSG nominations remain broadly the same as in the period assessed in the previous Validation, codified in the 2009 [LEITI Act](#) (Section 6.0) and the MSG's [Policy Manual](#), last updated in February 2021. Provision 6.5 of the LEITI Act and Section 2.3.1.2 of the MSG's Policy Manual both state that MSG members from all three constituencies are appointed by the President, based on "appropriate consultations with members of the respective group". However, no further procedures related to the nomination procedures of either industry or civil society appear to be codified, either in the LEITI Act, the MSG Policy Manual or any constituency governance documents that are publicly accessible. Liberia did not have an operational MSG between the end of the MSG's three-year term in October 2017 and September 2018. In March 2018, President Weah appointed Gabriel Nyenkan as the Head of LEITI Secretariat (HoS), replacing Konah Karmo, who had been in the position since 2014. The appointment, which was considered to be in violation of the Section 6.3.d of the LEITI Act that empowers the MSG to

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<sup>4</sup> <https://eiti.org/document/2021-eiti-validation-guide>.

appoint the HoS, generated criticism from civil society both domestically<sup>5</sup> and internationally<sup>6</sup>. The EITI Board's suspension of Liberia in September 2018 for failure to meet its EITI reporting deadlines prompted the government to reconstitute the MSG. The International Secretariat's targeted review of adherence to EITI Requirement 1 in May 2019 found that the nomination of MSG members appears to have been controlled by the government, without free, open and transparent processes to elect civil society and company representatives. The MSG had no meetings between 7 January 2019 and 16 April 2019, when the International Secretariat visited for its review.

Following the EITI Board's suspension of Liberia due to breaches of EITI Requirement 8.6 of the 2016 EITI Standard in June 2019, the Office of the President wrote to all key organisations in industry and civil society to seek confirmation of their MSG appointments, which led to the reconstitution of a functioning MSG with self-appointed representatives. The MSG met seven times in the June-December 2019 period and monthly in the January 2020-March 2021, when the MSG agreed to transition to quarterly meetings. Several stakeholders consulted explained that the MSG had discussed the need to update the LEITI Act and MSG Policy Manual to clarify the industry and civil society constituencies' nominations procedures for MSG members in the immediate aftermath of the LEITI governance crisis. Updates to the MSG's Policy Manual in 2021 did not further codify nominations procedures for industry or civil society. The MSG's comments on the draft assessment note that each constituency has responsibility over their respective nominations procedures.

**Government MSG appointments:** The MSG chair and co-chair, Forestry Development Authority Managing Director C. Mark Doryen and Minister of Mines and Energy Gesler E. Murray, respectively, continued in their position throughout the LEITI governance crisis in 2018-19, while other government representatives were appointed to the MSG in September 2018 in accordance with the positions named in the 2009 LEITI Act. The same officials were reappointed to the MSG in the membership renewal of November 2021.

**Industry MSG appointments:** While the government had written directly to five companies to name MSG representatives in September 2018, the Office of the President rectified the situation in 2019 when it wrote to the three main producing mining companies in Liberia (Arcelor Mittal, Avesoro Resources and Hummingbird Resources), the Liberian Business Association (for oil and gas companies), the Liberia Timber Association and the Liberian Agricultural Companies Association to confirm their nominations to the MSG. Stakeholders consulted explained that, in the absence of a petroleum industry association, the MSG had agreed with the industry constituency that the Liberian Business Association could represent the sector given that all oil and gas companies were members of the association. The MSG's comments on the draft assessment highlighted that the LEITI Secretariat had reached out to the new Chamber of Mines in 2021 to request the appointment of a mining sector representative on the MSG, although the association had not been in a position to appoint a MSG member pending the appointment of its leadership, which took place in February 2022. There is no evidence of formalised industry constituency nominations procedures that have been publicly codified to date, although emails confirming each sector's MSG appointments were provided in the context of this Validation (albeit without details of the nominations procedure). In October 2021, the four groups were

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<sup>5</sup> See e.g. <https://www.liberianobserver.com/news/illegal-appointment-at-leiti/>, <https://www.liberianobserver.com/news/pressure-mounts-on-defiant-weah-over-leiti-appointment/>.

<sup>6</sup> Global Witness, 19 March 2018: <https://www.globalwitness.org/en/press-releases/global-witness-condemns-illegal-interference-liberian-transparency-and-anti-corruption-agency/>.

solicited by the LEITI Secretariat to appoint new members to the MSG. All four existing MSG members were reappointed to the MSG. The October 2021 letter confirming the reappointment of the Arcelor Mittal representative to the MSG noted that this reappointment was due to the lack of interest from the other two producing mining companies. There is no evidence that mining companies at the exploration stage were involved in the nomination process. While the MSG's submission for this Validation identified the Liberian Chamber of Mines as the mining constituency coordinator, evidence suggests that the chamber only appointed its management in early 2022.

Civil society MSG appointments: Whereas the government appointed two civil society organisations alongside Publish What You Pay (PWYP) and the National Labor Congress in October 2018, it replaced the Diamond Dealers Association with the Minerals Civil Society Organisation, an organisation representing workers in the mining sector, in 2019. The nomination of PWYP Liberia coordinator Cecelia Dunwell to the MSG was confirmed by the organisation pending PWYP's delayed national elections in March 2020. There are no publicly codified procedures for each of the four CSOs' internal nominations procedures. Rather, the LEITI HoS wrote to three CSO groups (PWYP Liberia, Liberia Labor Congress and Mineral Civil Society Council of Liberia) to solicit nominations to the MSG in October 2021. Three of the five previous MSG members from civil society were reappointed in the November 2021 renewal of the MSG's membership. The letters appointing each civil society MSG member were provided in the context of this Validation, although they do not provide assurances that the MSG nominations procedure was open to all. In its comments on the draft assessment, the MSG noted that the National Civil Society Council Of Liberia (NCSCCL), an umbrella group of CSOs, had contributed to strengthening civil society's MSG nominations procedures and had overseen PWYP Liberia's elections of its MSG members in 2020.

### **MSG governance and oversight**

Terms of reference: The MSG's two key governance documents continue to be the 2009 LEITI Act and the MSG's Policy Manual, which was last [updated](#) in February 2021 to address the key requirements of the 2019 EITI Standard. However, there do not appear to be provisions in either document to ensure that the MSG and each constituency consider gender balance in their MSG representation, in accordance with Requirement 1.4.a.ii.

Constituency representation and capacities: Both the LEITI Act and the MSG's Policy Manual contain clauses requiring MSG members to liaise with their respective constituencies. In practice, there is some evidence of constituency outreach by MSG members from industry and civil society, albeit primarily within their respective organisations rather than more broadly. However, the MSG established a "[Constituency Feedback Mechanism](#)" in 2020, to enable more regular and consistent feedback from the broader constituencies. Supported by AfDB funding, the government and civil society MSG members held consultations with their respective constituencies around this mechanism, although industry's plans for constituency consultations were postponed to March 2022 due to the impact of the COVID-19 pandemic. Available documentation confirms that MSG members from civil society, coordinated by PWYP Liberia, and from each industry sub-sector have sought input from their broader constituencies in developing key LEITI documents, including the 2021-22 work plan approved in October 2021.

At its August 2019 meeting, the MSG constituted three sub-committees focused on (i) Finance and administration, (ii) Government ethics and membership, and (iii) Reporting and

communications, to strengthen the MSG's oversight of implementation. These sub-committees appear to have met regularly in the 2020-21 period, although records of their proceedings and input to MSG discussions were not available for this Validation. There is little evidence of outreach and dissemination by the MSG in the 2018-21 period, with minutes of MSG discussions in 2019 highlighting funding constraints as a key reason for the lack of outreach. The MSG appears to have participated in only two events in December 2020, related to the commemoration of Anti-Corruption Day, and one event in September 2021 related to the dissemination of the 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> LEITI Reports.

Internal governance and procedures: Attendance of members at MSG meetings appears to have been broadly consistent in the period from June 2019 to December 2021. A quorum appears to have been achieved in all meetings during this period, although it appears that senior government officials have often delegated attendance to proxies (usually Deputy- or Assistant-Ministers). This is a contrast from the period reviewed by the previous Validation when Ministers often attended MSG meetings. In February 2021, the MSG agreed to transition from monthly to quarterly meetings, with provisions for extraordinary meetings on a needs basis, in order to ensure more consistent participation from senior government officials (Ministers). However, Ministers have not attended MSG meetings since then.

Available evidence and stakeholder consultations confirmed that meetings were convened with sufficient advance notice, with documents shared in a timely manner. MSG members consulted considered that they could add issues to the agenda of MSG discussions. Some records of MSG discussions are available on the LEITI website in an unstructured manner, although the list of published minutes does not appear comprehensive of all MSG meetings in the 2019-21 period. The MSG's per diem policy continues to be set in the LEITI Act, with budgeted per diems recorded in the annual EITI work plan (under 'operational costs') and set at USD 100 per meeting. In practice, the MSG's 'Stakeholder engagement' template clarified that no per diems were paid in 2017-19 but were resumed in the 2020-21 period with government receiving the highest share of per diems, followed by civil society and industry. Information on actual per diem practices only appears to be publicly disclosed in the MSG's submission for this Validation, although this has been published on the LEITI website.

Section 2.3.6.2 of the MSG's Policy Manual continue to codify the rules for the MSG's decision-making, including consensus, modified consensus and simple majority voting. While most MSG decisions appear to have been taken by simple majority voting in the 2017-19 period, the practice appears to have reverted to decisions by consensus in 2020-21. Several stakeholders consulted from different constituencies highlighted this change to consensus decisions as a reflection of improved governance within the MSG.

## Assessment

Liberia's EITI MSG did not operate consistently and effectively throughout the 2017-21 period under review. A governance crisis prompted by government interference in MSG nominations in 2018-19 following presidential elections caused a complete disruption in EITI implementation between September 2017 and April 2019. Following public outcry and intervention by the EITI Board, the government rectified the situation and ensured that each constituency was able to appoint representatives to the MSG. However, the absence of clear and public MSG nominations procedures from either industry or civil society creates a risk that external interference in constituency nominations procedures could potentially be repeated in future. While individual



organisations solicited to appoint MSG members have internal procedures to appoint representatives, there is no indication that the nominations procedures are open to any member of the broader constituencies, such as mining companies at the exploration stage or civil society representatives that are not members of PWYP Liberia, the National Labor Congress or the Minerals Civil Society Organisation. In its comments on the draft assessment, the MSG highlighted the role of the National Civil Society Council Of Liberia (NCSCCL), an umbrella group of CSOs, in helping to strengthen the nominations procedures for civil society and in overseeing the MSG election process organised by PWYP Liberia. However, it is unclear whether the nominations procedures followed by other CSOs represented on the MSG and by the mining industry constituency are open to all members irrespective of their affiliation to a particular organisation.

The MSG appears to have provided effective oversight of the EITI reporting process since the resolution of the LEITI governance crisis in the second half of 2019, although the MSG's outreach and dissemination was significantly affected by the governance crisis and the impact of the Covid-19 pandemic in this period (see *Requirement 7.1*). The MSG's governance documents, the LEITI Act and the MSG's Policy Manual that was last updated in February 2021, are broadly in line with provisions of the 2019 EITI Standard albeit without provisions related to gender considerations in MSG representation. In its comments on the draft assessment, the MSG noted that it had consistently conducted its business according to the LEITI Act, the MSG Policy Manual and the EITI Code of Conduct. The MSG has made efforts to improve members' attendance at EITI meetings and to establish mechanisms for regular feedback from the broader constituencies, although these appear to have been implemented only by government and civil society to date, not by industry given delays due to the COVID-19 pandemic. The MSG's policy for per diems is publicly codified, and the practices of per diem payments have been clarified in the MSG's submission for this Validation and published on the LEITI website. The MSG's decision-making has reverted to consensus decisions after a confrontational interlude in 2017-19, when most MSG decisions were taken by simple majority vote. However, while some civil society organisations like PWYP Liberia appear to have solicited input to the development of various LEITI documents such as the annual work plan from CSOs not directly represented on the MSG, there is little evidence of the practice of constituency consultations among other CSOs or in the industry constituency. While there appeared to be consensus among MSG members consulted that the objective of an independent MSG that can exercise active and meaningful oversight of all aspects of EITI implementation, balancing the three main constituencies' interests in an equal manner, had been fulfilled, several stakeholders not directly represented on the MSG did not agree.

Thus, while the MSG appears to have effectively overcome the governance crisis it faced in 2018-19, similar gaps appear to remain as in the previous Validation, which found that lines of accountability between MSG members and their broader constituencies were unclear. The Secretariat's assessment is that Requirement 1.4 is mostly met.