

Liberia

The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at www.revenuewatch.org/rgi.

Background

Liberia's rich mineral resources include diamonds, gold, and iron ore. The mining sector has been slow to recover after Liberia's civil war ended in 2003; the extractive industries generated only 2 percent of gross domestic product in 2010. Significant oil reserves were discovered in early 2012, but production has yet to begin.

Liberia	2000	2005	2011
Population (million)	2.85	3.18	4.13
GDP (constant 2011 international \$ billion)	0.7	0.6	1.5
GDP per capita, PPP (constant 2005 international \$)	344	346	517
Extractive exports (% total exports)

SOURCES: World Bank.

Liberia's Performance on the RGI

Liberia received a "partial" score of 62, ranking 16th out of 58 countries. A high Institutional and Legal Setting score contrasted with a much lower grade on the Enabling Environment component.

Institutional and Legal Setting

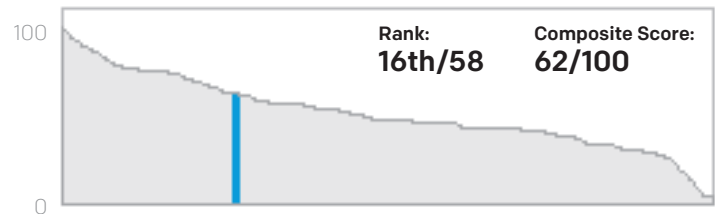
(Rank: 7th/58 Score: 83/100)

Liberia earned a "satisfactory" score of 83, its highest on any component, reflecting substantive disclosure policies and a legal framework designed to foster competition in the mining sector.

The Land, Mines and Energy Ministry, in collaboration with the Public Procurement and Concessions Commission, grants concessions and mineral development agreements on a first come, first served basis for areas that have yet to be explored. A competitive auction system is used for licensing known mineral deposits. Liberia requires environmental impact assessments before granting licenses.

The Finance Ministry receives all payments from mining companies. Under new laws that have not yet been fully implemented, most mineral revenues will be transferred to the treasury.

Liberia became an Extractive Industries Transparency Ini-



tiative (EITI) compliant country in 2009 and passed a freedom of information act in 2010.

Reporting Practices

(Rank: 18th/58 Score: 62/100)

Liberia's "partial" score of 62 is the result of mixed performance, with detailed disclosure on some aspects of the mining industry, but little data on several key revenue indicators.

Liberia provides scant information on the licensing process before mining rights are granted. Afterward, the Land, Mines and Energy Ministry publishes information on the number of bids received, bidding requirements, and winning bids. Results of environmental impact assessments are not available online. Most mineral development agreements are published, and the Ministry is launching a Mineral Cadaster Information Management System.

The Finance Ministry publishes little information on revenues, apart from the names of companies operating in the country, social investment information, and figures from 2010 on royalties, bonuses, license fees, and acreage fees. The Land, Mines and Energy Ministry publishes information from 2009 on reserves, diamond production volumes, prices, the value of diamond and gold exports, estimates of investment in iron ore exploration, the names of companies operating in the country, royalties, license fees, and acreage fees. The central bank publishes updated information on mineral production volumes, prices, the value of gold and diamond exports, and some names of companies operating in the country. The most comprehensive reports on revenues are published by Liberia's EITI Secretariat. These include production data by company, social investments, royalties, special taxes, dividends, bonuses, license fees, and acreage fees.

Safeguards and Quality Controls

(Rank: 15th/58 Score: 71/100)

Liberia's "satisfactory" score of 71 reflects emerging audit and oversight policies.

The legislature must ratify mineral contracts, and the Committee on Lands, Natural Resources and Environment regularly scrutinizes resource revenues and contract provisions, which do not always follow legal requirements. Contracts may be appealed for environmental reasons.

Revenue reports by the Land, Mines and Energy Ministry

were audited for the first time in 2009 by the General Auditing Commission, and all audit reports are publicly available. Since early 2012, all government officials have been required to disclose their financial assets to the Liberia Anti-Corruption Commission.

Enabling Environment

(Rank: 34th/58 Score: 31/100)

With an extremely poor global ranking for government effectiveness, Liberia received a “failing” score of 31. Liberia also faces challenges with the quality of the rule of law.

Subnational Transfers

(Rank: 17th/30 Score: 61/100)

There are no direct transfers from the national budget to subnational governments, but Liberia requires mining companies to contribute to social development funds benefiting communities in the counties where extraction takes place. Rules governing these funds are defined by legislation and published in mineral development agreements, but the national audit authority has found that county receipts do not exactly match the amounts companies are required to pay. The Finance Ministry’s fiscal outturn reports contain data on the amount of the transfers.

Liberia’s Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
16	COMPOSITE SCORE	62
7	Institutional and Legal Setting	83
	Freedom of information law	100
	Comprehensive sector legislation	67
	EITI participation	100
	Independent licensing process	83
	Environmental and social impact assessments required	50
	Clarity in revenue collection	67
	Comprehensive public sector balance	100
	SOC financial reports required	..
	Fund rules defined in law	..
	Subnational transfer rules defined in law	100
18	Reporting Practices	62
	Licensing process	50
	Contracts	67
	Environmental and social impact assessments	0
	Exploration data	33
	Production volumes	50
	Production value	67
	Primary sources of revenue	67
	Secondary sources of revenue	100
	Subsidies	100
	Operating company names	100
	Comprehensive SOC reports	..
	SOC production data	..
	SOC revenue data	..
	SOC quasi fiscal activities	..
	SOC board of directors	..
	Fund rules	..

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	..
	Subnational transfer rules	100
	Comprehensive subnational transfer reports	67
	Subnational reporting of transfers	0
15	Safeguards and Quality Controls	71
	Checks on licensing process	78
	Checks on budgetary process	89
	Quality of government reports	58
	Government disclosure of conflicts of interest	100
	Quality of SOC reports	..
	SOC reports audited	..
	SOC use of international accounting standards	..
	SOC disclosure of conflicts of interest	..
	Quality of fund reports	..
	Fund reports audited	..
	Government follows fund rules	..
	Checks on fund spending	..
	Fund disclosure of conflicts of interest	..
	Quality of subnational transfer reports	33
	Government follows subnational transfer rules	67
34	Enabling Environment	31
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	44
	Open Budget (IBP Index)	44
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	41
	Government effectiveness (WGI)	8
	Rule of law (WGI)	17

■ Satisfactory	■ Weak
■ Partial	■ Failing