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An Architecture of Instability:

How the critical link between natural resources and conflict remains unbroken

A policy briefing by Global Witness for the incoming Liberian Government, the UN Security Council and international donors.

December 2005

Recommendations

The Government of Liberia should:

- Demonstrate willingness and readiness to start a new democratic political culture in Liberia and responsible and accountable management of socio-economic development.
- Pass a moratorium on the resumption of industrial logging and export of timber until the sector has been satisfactorily reformed. This should include participatory forest/land use planning, a comprehensive national forest inventory, a new forest use system, definition of chain of custody and related control systems and structures.
- Urgently sign and implement the recommendations of the Forest Concession Review Committee in its Forest Concession Review – Phase 3 Report.
- Prosecute violations of domestic forest-use and human rights laws; and identify and sever any links between the logging industry and destabilising actors in Liberia and the sub-region.
- Make all necessary political and administrative provisions to ensure that the reforms espoused in the Liberia Forest Initiative (LFI) are endorsed in a timely fashion and the Forestry Development Authority (FDA) empowered to implement the forest policy.
- Engage an Independent Forest Monitor to provide independent oversight of reform implementation and to observe and record all forestry related private and public activities, including granting of forest use, governmental control activities, timber transformation and export, and revenue collection.
- Establish transparency within the forestry sector through the public provision of all regulations, forest operations and timber processing licenses and accredited entities, forest use planning documents, royalties, fees and penalties due and paid, results of monitoring and control of forest activities.
- Monitor and control the logging industry for compliance with the forest law and regulations, contract obligations and obligations to contribute to local communities.
- Fully implement the recommendations made by the Kimberley Process expert mission report on the implementation of diamond control laws.
- Incorporate into national law and implement the principles of the Extractive Industries Transparency Initiative (EITI) with the full participation of Liberian civil society and in accordance with the EITI minimum criteria.
- Ensure transparency and accountability of government administration through the establishment of a register of commercial interests of government officials, and a corporate register showing beneficial ownership of companies, and the publishing of revenues raised and distributed.

The UN Security Council should:

- Maintain sanctions on the Liberian timber and diamond industries until it can be demonstrated that they do not contribute to national and regional insecurity and conflict, and until government control meets the requirements for lifting sanctions as specified in Security Council Resolution 1521 (2003) and renewed by Security Council Resolution 1579 (2004).
- Urge the United Nations Mission in Liberia (UNMIL) and its Police Force (UNPOL)^a to fulfil their mandate to ensure adequate and effective control of areas rich in natural resources and key border crossing points by the Liberian security forces, as defined by Security Council Resolution 1509 (2003), and reiterated in Security Council Resolution 1607 (2005).

^a CIVPOL is now renamed UNPOL, taking into consideration the inclusion of military personnel in the Police Force

- Impose, financial and/or travel restrictions on private or public persons found to be supporting in any kind actors engaged in activities that undermine peace and stability in Liberia and the region, in line with Security Council Resolution 1532 (2004).

The UN Mission in Liberia (UNMIL) should:

- Adhere to Security Council Resolution 1509 (2003) and increase its assistance to the Liberian government to regain authority throughout the country through effective control of areas rich in natural resources, and take all necessary steps to prevent ex-combatants from illegally exploiting natural resources.
- Coordinate border control missions with the Liberian Security Forces and UN peacekeeping forces in the region in order to create greater levels of border security and to prevent cross-border trafficking of resources, weapons and mercenaries.
- Support the Liberian Forestry Development Authority (FDA) to restore an efficient forest administration and effective chain-of-custody control system.
- Strengthen its mandatory efforts to assist the new Liberian government in developing a national legal framework and consolidating judicial and penal institutions.
- Engage in intelligence-sharing and strategic planning with UN regional peacekeeping missions in order to develop an efficient flow of information and an integrated regional strategy for the entire sub-region.
- Set up and adhere to ethical purchasing policies for timber products used for construction, reconstruction and rehabilitation measures related to all UN activities, to ensure that no illegally-sourced or conflict-fuelling timber is being used.

The Liberian Forest Initiative (LFI) should:

- Conduct a participatory assessment of the concession system involving all stakeholders. This should be done with consideration of experiences in other countries and should investigate whether industrial logging and a concession system is the most appropriate way to raise needed revenues for the state and to give optimum benefits to Liberia's population as requested in UN Security Council Resolution 1521 (2003).
- Increase participation of local communities and Liberia's civil society organisations in the project's forest reform activities.
- Ensure that assessment of the value of Liberia's forest resources include its social, cultural, ecological and biodiversity conservation aspects.

The international donors should:

- Ensure transparency in decision making processes and implementation of the Governance and Economic Management Assistance Programme (GEMAP).
- Ensure broad civil society participation in GEMAP and all state re-building processes.
- Ensure that the provisions in the GEMAP processes for independent and internationally verifiable audits of the Liberian government's finances are soundly followed.
- Enforce UN Security Council travel-bans and asset-freezes, and work with the banking sector, customs and immigration agencies to ensure full compliance of these measures. These agencies should also cooperate fully with UN Security Council and Expert Panel requests for information.
- Ensure that the Liberia Forest Initiative (LFI) receives strong political and financial support, and that the Liberian government implements forestry sector reforms in a timely manner.

- Provide the necessary funds and technical assistance for the rehabilitation and reintegration of demobilised ex-combatants, and the complete restructure of the armed forces of Liberia.
- Address shortfall in the UNMIL budget and ensure that UNMIL is provided with the financial and logistical support to fulfil its mandate.
- Urge the European Union (EU) and the Economic Community of West African States (ECOWAS) to make public the results of the audits of Liberian governmental and parastatal institutions conducted in 2005.
- Provide all necessary support and technical assistance for the implementation of the Extractive Industries Transparency Initiative (EITI) and ensure that progress on EITI implementation becomes a benchmark for donor programmes.
- Ensure coordination between different governmental and inter-governmental programmes focusing on reform of the diamond sector in Liberia.

The Kimberley Process should:

- Urge its members to provide the necessary technical and financial assistance to Liberia to ensure effective implementation and enforcement of Liberian laws to implement the Kimberley Process.
- Send an additional expert mission to verify whether Liberia has effectively implemented the recommendations outlined in the expert mission's report of March 2005 before admitting Liberia into the Kimberley Process.
- Urge participants in the region to coordinate with Liberia to harmonise taxes, royalties, and administrative conditions.

The Government of Nigeria should:

- As a member state of Interpol and member of the Management Committee of the Special Court for Sierra Leone, respect the international arrest warrant for crimes against humanity and arrange for Charles Taylor to be transferred to the Special Court.

The African Union (AU) and the Economic Community of West African States (ECOWAS) should:

- Ensure that all AU and ECOWAS countries enforce the arms embargo on Liberia, as well as the arms embargo on neighbouring Côte d'Ivoire in light of the well-documented links between the conflicts in these two countries.
- Adhere to the ECOWAS Moratorium on the Import, Export and Manufacture of Small Arms and Light Weapons.
- Make public the results of the 2005 financial audit of the Liberian Transitional Government's finances

In relation to the extradition of Taylor, the international community should:

- Publicly support the extradition of former Liberian President Charles Taylor from Nigeria to face trial at the Special Court for Sierra Leone.
- Ensure that Taylor does not enter or otherwise transit through other countries in order to seek asylum or engage in any form of economic or political activity.
- Use international intelligence capacities to maintain accurate and timely information of the activities and movements of Charles Taylor and his close associates.
- Provide evidence which demonstrates Charles Taylor's violation of UN sanctions, international law and his exile agreement with Nigeria to the Nigerian government, Interpol, the United Nations Panel of Experts for Liberia, the Special Court for Sierra Leone and all relevant law enforcement authorities.

Table of Contents

| | |
|--|----|
| Recommendations..... | 2 |
| Executive Summary..... | 7 |
| Introduction..... | 10 |
| PART ONE – The Continued Need for Sanctions on Liberian Diamonds and Timber | 12 |
| Consequences of lifting sanctions | 13 |
| A. Systemic Failure to Control Liberia’s Most Volatile Regions | 13 |
| The Continued Failure of UNMIL and the NTGL to Control Liberia’s Natural Resources and Border Regions | 14 |
| What Could UNMIL Do Differently? | 16 |
| Falling Short: “The transitional Government has yet to regain full control over the exploitation of the country’s natural resources.” | 16 |
| Progress of the DDRR Programme and the Problem of Recruitment | 18 |
| Liberia’s Security Sector: Potentials and Threats | 20 |
| Justice in Liberia..... | 22 |
| Charles Taylor..... | 24 |
| Regional Security..... | 25 |
| B: Lack of Control of the Timber Sector | 28 |
| Timber Sanction Violations..... | 28 |
| Pit-sawing and Lack of Control of the Forests | 29 |
| Limitations in FDA Capacity | 31 |
| Liberia Forest Initiative Progress | 31 |
| C: Lack of Control of the Diamond Fields..... | 34 |
| BOPC Mines | 35 |
| Violations of the Diamond Sanctions..... | 35 |
| Reform of the Diamond Industry | 37 |
| Turning Diamonds from a Liability into an Asset..... | 38 |
| PART TWO: Donors and Incoming Government – Advice on Natural Resources Governance Policies .. | 39 |
| What is GEMAP? | 39 |
| Weaknesses of GEMAP | 40 |
| A - Issues of Implementation | 40 |
| B - The Critical Role of Civil Society..... | 41 |
| C - Revisiting Concession Agreements and Improving Transparency?..... | 42 |
| Extractive Industries Transparency Initiative (EITI) | 43 |
| Use of Natural Resources for Development | 44 |
| Conclusions..... | 44 |
| Annex One: Forest Concession Review – Phase III, Report of the Concession Review Committee, May 31, 2005 | 46 |
| Annex Two: Extracts from GEMAP..... | 49 |
| References..... | 51 |



Billboard promoting US-Liberia cooperation, Monrovia, April 2005.

Acronyms

| | |
|------------|---|
| AU | African Union |
| AFL | Armed Forces of Liberia |
| BOPC | Butaw Oil Palm Corporation, Sanquin District, Sinoe County, Liberia |
| CivPol | Civilian Police – part of UN Peace Keeping Forces, tasked to work with Liberian security forces on law enforcement and security issues – now: UNPOL |
| CoC | Chain of Custody - legal term that refers to the ability to guarantee the identity and integrity of the timber from collection through to reporting of the test results |
| DDRR | Disarmament, Demobilisation, Rehabilitation and Reintegration programme |
| ECOWAS | Economic Community of West African States |
| EITI | Extractive Industries Transparency Initiative |
| FDA | Forestry Development Authority – Liberia's government administration in charge of the management of Liberia's forests |
| FN | Forces Nouvelles – coalition of rebel forces opposing the Government of Côte d'Ivoire |
| GEMAP | Governance and Economic Management Assistance Programme – Programme of international community assistance to Liberia to establish good management and accountability of revenues |
| HIPC | Highly Indebted Poor Countries |
| IMF | International Monetary Fund |
| ILAC | International Legal Assistance Consortium – a Sweden based umbrella organisation for associations of legal and human rights experts |
| KP | Kimberley Process – a global diamond certification scheme |
| LEGAP | Liberia Economic Governance and Action Plan – Predecessor of GEMAP |
| LAC | Liberia Agricultural Company – runs a rubber plantation in Grand Bassa County |
| LFI | Liberia Forestry Initiative – Project to reform Liberia's forestry industry, financed and directed by the US government and implemented by various partners |
| LMA | Linás – Marcoussis Agreement - Peace Agreement signed between the different Ivorian political forces in Linás – Marcoussis on 23 January 2003 |
| LNP | Liberian National Police |
| LRD | Liberia Dollar – official currency of Liberia |
| LURD | Liberians United for Reconciliation and Democracy – former rebel group backed by Guinea |
| MILOBS | UN Military Observers |
| MODEL | Movement for Democracy in Liberia – former rebel group backed by Côte d'Ivoire |
| MPIGO | <i>Mouvement Populaire du Grand Ouest</i> - Popular Movement of the Ivorian Great West – rebel group in western Côte d'Ivoire, backed by Charles Taylor |
| MJP | <i>Mouvement pour la Justice et la Paix</i> - Movement for Justice and Peace – Rebel group in western Côte d'Ivoire supported by Charles Taylor |
| NTGL | National Transitional Government of Liberia – October 2003 – 16 January 2006 – comprised of members of the former Liberian government, LURD, MODEL, and members civil society |
| OTC | Oriental Timber Company – logging company based in Buchanan |
| RSLAF | Republic of Sierra Leone Armed Forces |
| RUF | Revolutionary United Front - militia in Sierra Leone, supported by Charles Taylor, that fought a ten-year civil war to seize control of the lucrative diamond-producing regions of Sierra Leone |
| SRSG | Special Representative of the UN Secretary General |
| TRC | Truth and Reconciliation Commission |
| TTCO/LLWPC | Togba Timber Company/ Liberian Logging and Wood Processing Corporation – logging company with a base in East Liberia in the border zone with Côte d'Ivoire |
| UNAMSIL | United Nations Mission in Sierra Leone |
| UNDP | United Nations Development Programme |
| UNHCR | United Nations High Commissioner for Refugees |
| UNMIL | United Nations Mission in Liberia |
| UNOCI | United Nations Operation in Côte d'Ivoire |
| UNPOL | UN Police – formerly: CIVPOL |
| USAID | US Agency for International Development |
| USDA-FS | US Department of Agriculture - Forest Service |

Executive Summary

Hopes are high in Liberia. Elections in October/November 2005 are seen by many Liberians as marking an end to a prolonged period of conflict. The outgoing National Transitional Government of Liberia (NTGL) agreed to tackle widespread corruption and mismanagement of funds through embarking on an innovative Governance and Economic Management Assistance Programme (GEMAP). However, Liberia still has huge challenges to overcome. Peace and stability are fragile and only secured through the presence of 15,000 UNMIL peacekeeping troops. Disarmament, Demobilisation, Rehabilitation and Reintegration (DDRR) has failed to reintegrate ex-combatants adequately, some of whom have been recruited to fight in Côte d'Ivoire. Insufficient funds have dramatically limited UN efforts to provide adequate training and reintegration for ex-combatants. Liberia neighbours countries which are either on the edge of war, or recovering from war, placing the region in a highly volatile and dangerous situation. Given the historical role that natural resources have played in fuelling instability and conflict tackling the problem of natural resource management remains key to rebuilding Liberia's and the regions security.

United Nations Mission in Liberia (UNMIL) and NTGL have failed to control Liberia's most vulnerable areas, namely border regions and areas rich in natural resources, resulting in an explosion of illegal activity and security threats

Despite specific reference in UNMIL's mandate to assisting the NTGL in controlling its natural resources, UNMIL appeared to be either unable or unwilling to provide the NTGL with sufficient help to do so. The result has been an explosion of illegal diamond mining activities by a large number of ex-combatants leading to violations of the UN sanctions on diamonds and a significant security risk. With regards to timber, pit-sawing activities^b by ex-combatants continue unabated, generating large amounts of uncontrolled and unaccounted revenue. The lack of adequate control of Liberia's borders is also allowing cross border trafficking of natural resources and cross border recruitment of combatants.



See 'Falling short - The transitional government has yet to regain full control over the exploitation of the country's natural resources' (page 16)

There is continued regional instability and worrying reports of recruitment of ex-combatants

Prevailing regional instability in countries surrounding Liberia continues to influence the prospects of peace in Liberia. Despite the progress made in Sierra Leone since the end of its 10 year civil war, it has not yet overcome the root problems of the conflict. Côte d'Ivoire is teetering on the brink of war and the situation there remains highly unstable. In view of the porous borders between all these counties, the effective reintegration of ex-combatants is one of the greatest challenges for the long-term stability of Liberia. A severe funding shortfall has resulted in insufficient training and rehabilitation places in the DDRR programme. Ex-combatants who are excluded from rehabilitation

^b In Liberia, the term 'pit-sawing' is used for small-scale felling of trees and transforming logs on spot with the use of chainsaws.

programmes and training, and are unable to find work have become increasingly frustrated and, pose a significant risk to security. A significant number of ex-combatants are vulnerable to recruitment in Côte d'Ivoire. There is continued reporting of militia recruitment conducted in Liberia. In September 2005 Global Witness spoke to different sources in Liberia who believed that recruitment was continuing.¹ Global Witness investigations found that a significant proportion of the exploitation of natural resources is carried out by ex-combatants, utilising former command structures.

See 'Recruitment' (page 18) and 'Regional security' (page 25)

The slow progress of security sector reform leaves Liberia vulnerable

Liberia's security forces have previously been implicated in extensive human rights abuses, corruption and conflict. The re-structure, reform and re-training of the security forces should be the top priority for the new Liberian government and international donors. Attempts to purge the forces of human rights abusers have failed due to the lack of effective screening and the lack of logistics, equipment and detention facilities undermine the fragile rule of law in Liberia. Re-structuring of the army is progressing very slowly with the lack of appropriate funds delaying the demobilisation of long-serving members of the army.

See 'Liberia security sector, potentials and threats' (page 20)

Lack of sufficient progress of reform in the timber industry has resulted in a failure to meet the criteria for sanctions to be lifted

The completion of the forest concession review in June 2005 marks a significant step in the reform process. However, it has neither been signed nor its recommendations implemented. Other fundamental elements of the reform process have yet to be completed. The FDA continues to suffer from a crippling lack of physical, material and professional capacity, and is unable to manage Liberia's forests adequately or to enforce the forest law. Without the completion of these fundamental reforms and capacity building measures this sector continues to be open to misuse and mismanagement.

See 'Lack of control of the forests' (page 28)

There has been a lack of progress of the reform of the diamond sector, and sanctions have continued to be violated

The reform of the diamond sector is both critical to ensuring that Liberian diamonds are not being used to promote conflict and instability, and that Liberia is not being used as a conduit for illegal diamond smuggling activities from other countries. For sanctions to be lifted and for Liberia to be allowed to enter the Kimberley Process Certification Scheme, significant reform is needed. The NTGL passed legislation to implement the Kimberley Process, but law enforcement capacity remains weak. NTGL and UNMIL do not have adequate control of diamond fields or the border regions to enforce the ban on the export of diamonds, or to provide the necessary environment for Liberia to become compliant with the Kimberley Process. Since the last Expert Panel review in June 2005, there has been a steady increase in diamond mining by ex-combatants and foreigners in Liberia, with diamonds being exported to Sierra Leone and Guinea in violation of the UN sanctions.²

See 'Consequences of lifting sanctions' (page 13)

There is a continued culture of impunity and a failure to hold major war criminals to account, epitomised in the failure to hand Charles Taylor over to the Special Court for Sierra Leone

Access to justice, restoring respect for the rule of law and ending the culture of impunity are fundamental to the search for peace, yet they have not been adequately addressed to date. In particular, there have been few prosecutions instigated for crimes committed during the fourteen years of war. Despite a number of international calls for



former president Charles Taylor to be transferred to the Special Court for Sierra Leone he remains in exile in Calabar, Nigeria, since August 2003. Sources report that Taylor continues to receive visitors from Liberia and maintains an administrative structure through which he exerts control and influence in Liberia in violation of the terms of his exile.³ The newly elected government must prove its commitment to lasting peace in the region by calling for the immediate transfer of Taylor to the Special Court for Sierra Leone. **See 'Charles Taylor' (page 24)**

Governance and Economic Management Assistance Programme (GEMAP)

In response to the findings of the European Union (EU) and Economic Community of West African States (ECOWAS) audits⁴ which revealed widespread corruption and misuse of funds by the NTGL, international donors negotiated a Governance and Economic Management and Assistant Programme with the NTGL. The programme is aimed at providing fiscal and budgetary reform and oversight. Its effectiveness will depend on the way in which it is implemented. So far, Liberia's civil society has not been adequately involved in the development of GEMAP, and GEMAP includes provisions which could be used to control the selection of the civil society representative. GEMAP refers to the implementation of the Extractive Industries Transparency Initiative (EITI). Transparency and disclosure requirements need to be written into national law.

See 'What is GEMAP' (page 39)

Lifting timber and diamond sanctions before reforms are in place would be a cause of instability

Prematurely lifting UN sanctions will undermine the efforts to reform both the diamond and timber sectors. Furthermore it would lead to an increase in illegal exploitation of these resources by ex-combatants, thereby threatening internal as well as regional security. There is no legal and regulatory barrier currently in place to prevent companies which were previously involved in logging operations from restarting their activities. Given the role that some of these companies and individuals have played in fuelling conflict and instability, any resumption of such operations should be regarded as contrary to the interests of peace. It would undermine the progress of UNMIL in providing stability, and LFI (Liberian Forest Initiative) in working to restructure and reform the sector. Lifting sanctions on diamonds without any effective system of control in place would give the green light for more illicit mining, trading and exportation. Given the key role which diamonds have played in the sub-region's long-lasting armed conflicts, oversight and control of diamond mining and trade is essential for sustaining peace in the region. Critically, premature lifting of the UN sanctions would limit the government's ability to obtain and provide the much needed revenue and thousands of jobs the country desperately needs.

See 'Lack of control of the diamond fields' (page 34)



Election campaigning September 2005

Introduction

On 8 November 2005, Liberia held the final round of the 2005 election. Ellen Johnson-Sirleaf was voted in as Africa's first female president. The elections signalled a possible end to over 14 years of instability, despotic leadership and war which has not only consumed Liberia but also neighbouring countries, and has left thousands dead and entire communities brutalised. With international support and a significant UN peacekeeping force, Liberia is setting about the slow and difficult task of rebuilding and reconstructing its decimated institutions, infrastructure and society.

Security has been steadily increasing through the presence of UNMIL; however the country remains volatile and unstable, and the culture of war remains present. The Disarmament, Demobilisation Rehabilitation and Reintegration programme (DDRR) has failed to break the chain of command of the former warring factions, and ex-combatants are not yet sufficiently reintegrated into Liberian society. Insufficient funding has resulted in inadequate numbers of rehabilitation and reintegration (RR) slots available for the demobilised fighters. Lack of employment opportunities poses a further security risk as ex-combatants search to apply their newfound skills. This has resulted in increasing frustration amongst ex-combatants, some of whom are turning to the illegal exploitation of Liberia's natural resources.



Poster promoting good governance, Monrovia, March 2004

Decades of instability, deep-rooted corruption and mismanagement of natural resources have turned Liberia into the failed state that it is today. Surrounded by countries that are only recently emerging from conflicts themselves or that are unstable or that could explode into conflict at any time, the importance of continued stability in Liberia remains of the utmost importance. Stability in Sierra Leone remains fragile, with many of the underlying problems that caused the civil war unresolved. Guinea is crippling poor with increasing political tension and insecurity throughout the country. There is no evident successor to the ailing President Conteh, nor any intent on the part of the government to carry out much needed political reforms. Côte d'Ivoire is teetering on the brink of war and its disintegration could destabilise the entire region.

The nexus between natural resources and conflict in Liberia has yet to be broken. Thousands of ex-combatants are engaged in illegal diamond mining leading to extensive violations of the UN sanctions. Significant numbers of ex-combatants are also involved in unregulated, illegal pit-sawing activities generating large amounts of uncontrolled, unrecorded funds. Despite the recognition by the UN Security Council of the role that natural resources played in fuelling regional instability – demonstrated through the imposition of sanctions and the mandating of the United Nations Mission in Liberia (UNMIL) to “assist the transitional government in restoring proper administration of natural resources”⁵ – there have been minimal attempts to gain control of areas rich in natural resources. UNMIL has instead interpreted its mandate very narrowly only responding to specific requests for help by the NTGL, resulting in an explosion of diamond mining and pit-sawing activities, the violation of diamond sanctions and

ongoing security risks. Lack of sufficient border control heightens the continued potential for cross border trafficking of resources and mercenaries.

While forest reform is slowly progressing, there are fundamental issues which must still be addressed before the criteria set forth in United Nations Security Council Resolution 1521⁶ are fulfilled and before sanctions can be lifted. The forest concession review is yet to be ratified and its recommendations implemented by the government. The Forestry Development Authority (FDA) continues to lack the capacity to manage Liberia's forests effectively and control small-scale logging activities. The reform of the diamond sector is slowly proceeding; the National Transitional Government of Liberia passed legislation to implement the Kimberley Process, yet there remains a lack of capacity to enforce the law and to control the border and diamond regions.



Liberian child soldiers, 2003

Foreign donors recently recognised the enduring problem of corruption and financial mismanagement in the government and its principal agencies through the signing of the Governance and Economic Management Assistance Programme (GEMAP). GEMAP could mark a positive step for future development in Liberia. However, the current framework is still vague and renders the process flexible to specific needs and considerations. Its success is dependent on the manner

in which it will be defined and implemented by the parties involved.

Despite these first positive steps, the incoming elected government and international donors should be careful not to overestimate progress made. Liberia remains a dysfunctional state still grappling with enormous tasks to break from the past and become a socio-political entity able to guarantee development for its population. The state at present is unable to provide even the most basic services, and the majority of its population live in extreme poverty. Fundamental changes will take time. Long-term donor involvement and investment are required if Liberia is to enjoy sustainable peace and stability. Should sanctions be prematurely lifted in this context, it would not only undermine the progress made to date, but also stifle the future reform process and undermine the fragile security that exists at present. It would also be in contravention of the very criteria set forth by the Security Council for sanctions to be lifted (see box). Fundamental reforms are necessary in both the timber and diamond industries before they are re-opened for business. Continued international vigilance is required.

Criteria for timber sanctions to be lifted

United Nations Security Council Resolution 1521 (2003)

Adopted by the Security Council at its 4890th meeting, on 22 December 2003

The Security Council (...)

10. *Decides* that all States shall take the necessary measures to prevent the import into their territories of all round logs and timber products originating in Liberia.

11. *Urges* the National Transitional Government of Liberia to establish its full authority and control over the timber producing areas, and to take all necessary steps to ensure that government revenues from the Liberian timber industry are not used to fuel conflict or otherwise in violation of the Council's resolutions but are used for legitimate purposes for the benefit of the Liberian people, including development.

12. *Expresses* its readiness to terminate the measures imposed by paragraph 10 above once the Council determines that the goals in paragraph 11 above have been achieved.

13. *Encourages* the National Transitional Government of Liberia to establish oversight mechanisms for the timber industry that will promote responsible business practices, and to establish transparent accounting and auditing mechanisms to ensure that all government revenues, including those from the Liberian International Ship and Corporate Registry, are not used to fuel conflict or otherwise in violation of the Council's resolutions but are used for legitimate purposes for the benefit of the Liberian people, including development.

PART ONE – The Continued Need for Sanctions on Liberian Diamonds and Timber

This part of the report outlines the continued need for the maintenance of timber and diamond sanctions in the absence of comprehensive reforms. Despite the growing stability in Liberia, security remains fragile. The disarmament, demobilisation, rehabilitation and reintegration process has failed to adequately reintegrate ex-combatants into communities and has left them vulnerable to recruitment in neighbouring Côte d'Ivoire. Security sector reform is slowly progressing yet the fundamental reforms to the justice system remain in their early stages. Within the forest sector the reform process has progressed since the last sanctions review in June 2005, yet the Forestry Development Authority (FDA) lacks the capacity to adequately control the forests or enforce forestry laws. The reform of the diamond sector has not sufficiently progressed and there has been an explosion in illegal diamond mining, resulting in numerous violations of sanctions.



Consequences of lifting sanctions

Prematurely lifting sanctions on Liberian diamonds and timber would increase the threat to regional security. It would undermine the efforts to reform both the diamond and timber sectors, and would lead to an increase of illegal exploitation of these resources by only partly disarmed or re-integrated ex-combatants. Despite the ban on pit-sawing under regulation 26 of 30 June 2000⁷ (artisan timber production), these activities have been increasing amongst ex-combatants, partly as a result of insufficient control by the FDA, the governmental agency in charge of forest management. Should the ban on the export of timber be lifted without the sector having been effectively re-structured, the industry would likely fall back into its role as a central destabilising factor in the region, thereby undermining the efforts of the international community.

A comprehensive forest concession review was carried out and completed in June 2005 with recommendations for immediate reforms, but was never signed by the outgoing transitional government. As such, there is no national mandate for these recommendations to be implemented until the new government signs the review. There is no barrier at present to prevent some of the companies who were involved in logging during the conflict from returning to Liberia and restarting operations. Global Witness investigations found that TTCO (Togba Timber Company⁸) is currently operating a sawmill with the consent of the local FDA, despite the recommendation by the Forest Concession Review Committee that all concessionaires should have their contracts rescinded.⁹

The Liberian logging industry provided significant amounts of unregulated income for Charles Taylor and his elite to enrich themselves and to sustain their war machines. It is hoped that GEMAP will reform the revenue collection processes and institute transparency and accountability. However, it is still at the very early stages of its implementation. The lifting of sanctions would not automatically lead to the generation of revenue which the new Liberian government urgently needs, nor provide the thousands of jobs the country desperately needs, but could instead allow for un-reformed elements of the industry to take advantage of a very young and fragile process.

If sanctions were lifted, Liberia would not be eligible to trade with signatory countries of the Kimberley Process due to the internal rules of the process - although it could encourage trade with non-participants. Without any system of controls in place, the lifting of sanctions would give a green light for increased illicit mining, trading and export of diamonds. Given the role that diamonds have played in the sub-region's long lasting armed conflicts, oversight and control of diamond mining and trade is critical for sustaining peace in the entire region.

Sanctions should not be lifted before the industry is sufficiently reformed and stabilised and the criteria set forth by the Security Council fulfilled. Furthermore the incoming government should put a moratorium on industrial logging and export and continue the wider reform process until the legal and regulatory framework is sufficiently developed, a comprehensive forestry administrative structure is established with adequately trained and equipped personnel, and a sound system for the allocation of forest concessions is in place.

A. Systemic Failure to Control Liberia's Most Volatile Regions

Security in Liberia is presently ensured through the presence of UNMIL. In September 2005, the UN Secretary General described the security situation as calm, yet fragile.¹⁰ There has been a steady increase in security levels since UNMIL's arrival in October 2003 and deployment to full strength of 15,000 peacekeepers¹¹. Nevertheless, Global Witness investigations in Liberia in September 2005 found that security remained fragile with an underlying volatility.¹² Global Witness sources reported cases of violence which were the result of frustration amongst ex-combatants at the slow arrival of the benefits promised in DDRR. Amnesty International reported sporadic outbreaks of violence when benefits were not received with ex-combatants open to exploitation by local politicians.¹³ May 2005 saw a series of attacks in which aid workers were severely beaten.¹⁴ On 11 November, after the majority of votes had been counted and it was reported that Ellen Johnson-Sirleaf had 59.4% of the vote and an unassailable lead over her main rival George Weah, Weah's supporters responded by taking to the streets shouting "No Weah, no peace".¹⁵ Weah's supporters accused the international

community of siding with Sirleaf and claimed that the elections were not free and fair. While UNMIL prevented the situation from escalating, these reactions demonstrate the continued political volatility.

The security issues which remain un-addressed include:

- The lack of sufficient oversight of resource-rich areas and border areas;
- The failure to adequately break the command structure of ex-combatants;
- The poor co-ordination and slow progress of the demobilisation part of the Disarmament, Demobilisation, Reintegration and Rehabilitation (DDRR) process by UNMIL, the poor implementation of the Reintegration part, and the slow selection and training of new army personnel;
- The fragility of security in the sub-region;
- The continued failure to create employment opportunities for demobilised ex-combatants to ensure that they are not drawn into conflicts in neighbouring countries;
- The need to secure unrestricted access to justice;
- The need to end the culture of impunity by prosecuting those found responsible for gross human rights abuses and crimes against humanity.

Until these issues are adequately addressed, enduring peace in Liberia and West Africa will remain elusive, and peace may only prevail for as long as UNMIL peacekeepers are present.



UNMIL tank at checkpoint, Monrovia, March 2004

The Continued Failure of UNMIL and the NTGL to Control Liberia's Natural Resources and Border Regions

UNMIL Mandate¹⁶

Adopted by the Security Council at its 4830th meeting, on 19 September 2003: *The Security Council*,

3. Decides that UNMIL shall have the following mandate:

Support for Implementation of the Peace Process:

(p) to assist the transitional Government, in conjunction with ECOWAS and other international partners, in reestablishment of national authority throughout the country, including the establishment of a functioning administrative structure at both the national and local levels;

(q) to assist the transitional government in conjunction with ECOWAS and other international partners in developing a strategy to consolidate governmental institutions, including a national legal framework and judicial and correctional institutions;

(r) to assist the transitional government in restoring proper administration of natural resources;

Global Witness investigations in Liberia in September 2005 found that despite a contingent of 15,000 troops, UNMIL has been unable or unwilling to provide the NTGL with sufficient help to gain control of areas rich in natural resources. Numerous Global Witness reports¹⁷



Sawn timber at km 85 in September 2005

and UN Expert Panel Reports¹⁸ have documented

the continued lack of control of areas rich in natural resources, by both the NTGL and UNMIL. The United Nations Security Council's Resolution 1607 (2005) from 21 June 2005 "Urges UNMIL to intensify its efforts, as mandated in United Nations Security Council resolution 1509 (2003), to assist the National Transitional Government of Liberia in re-establishing its authority throughout Liberia, including diamond-producing and timber-producing areas, and restoring proper administration of natural resources"; this request does not appear to have been heeded. UNMIL must be more proactive if it is to ensure that sanctions are not violated, that the exploitation of natural resources does not threaten security and that resources can be harnessed for the benefit of the Liberian people.

The June 2005 report of the UN Expert Panel recorded illegal pit-sawing activities and violations of the diamond sanctions, yet there has been little action by UNMIL in response to this.¹⁹ As discussed in previous Global Witness reports, UNMIL is interpreting its mandate narrowly and will only assist the government when help is explicitly requested.

The failure to address the control of Liberia's natural resources remains a major security risk. It perpetuates the notion that illegal exploitation of Liberia's natural resources can continue without provoking any reprisal from UNMIL or the government, making it business as usual. The re-establishment of control of areas rich in natural resources will be a demanding and difficult task. However, failure to do so will undermine other efforts to promote the rule of law in Liberia, to ensure that the country's resources are used for the benefit of the Liberian people, and to develop Liberia into a secure place of business and economic opportunities. Failure to address security issues will have an adverse effect on foreign investments and economic development.

The change in leadership of UNMIL in July 2005 brings an opportunity for a fresh look at the interpretation of the mandate, recognising the adverse effect of continuing illegal, unregulated and uncontrolled exploitation of Liberia's natural resources.

What Could UNMIL Do Differently?

By respecting the UN Security Council's requests regarding the implementation of its mandate, UNMIL could have helped prevent the large increase in the number of ex-combatants attracted to diamond mining in Butaw Oil Palm Corporation (BOPC). According to local sources, the road to the mine passes an UNMIL checkpoint. If UNMIL had interpreted its mandate more proactively it could have prevented small groups of ex-combatants from entering the mine. Failure to do so has led to an escalation of the situation, with thousands of ex-combatants mining in this area, making the situation far more dangerous and difficult to resolve.

There is still space for a more proactive UNMIL force to operate in line with the UNSC Resolutions to assist the Government of Liberia in enforcing the law and securing sound management of Liberia's natural resources. The thousands of peacekeepers currently stationed at checkpoints throughout Liberia could both record movement of timber and control the necessary transport permits. Furthermore, regular and unpredictable patrols along the borders and in areas rich in natural resources would greatly increase security. They would result in tighter control of activities and movements in these areas, and would significantly deter illegal exploitation and trafficking of natural resources.

Peacekeepers should provide the Government of Liberia, the Liberian National Police (LNP) and the FDA with intelligence about the location, nature and scope of illegal exploitation of resources, as well as support the government in law enforcement. UNMIL could also assist the LNP in interrogating and apprehending those suspected to be involved in such illegal activities.

Falling Short: "The transitional Government has yet to regain full control over the exploitation of the country's natural resources."²⁰

The UN Security Council recognised the role which natural resources had played in the destabilisation of West Africa when they put in place diamond and timber sanctions in United Nations Security Council Resolutions 1343 (2001) and 1521 (2003), and when they took the unprecedented step to mandate the peacekeeping mission to assist the NTGL in restoring proper administration of its natural resources.

Despite this recognition, control of Liberia's natural resources remains elusive. In fact, evidence points to a decrease in the levels of control of Liberian resources since the last review of sanctions in June 2005. As discussed above the opening of a new diamond mine at the former Butaw Oil Palm

Corporation (BOPC) in Sanquin District^c in Sinoe county has

attracted thousands of citizens and ex-combatants from around the country (see diamond section). Guthrie rubber plantation is still illegally occupied by ex-combatants (see Guthrie section) and pit-sawing activities by ex-combatants, locals and people from surrounding countries continue (see pit-sawing section). A member of LFI interviewed by Global Witness reported there was no UNMIL control of forested areas and believed that if sanctions were lifted, there would not be enough security to operate in the forests because of the presence of large numbers of ex-combatants.²¹



Old car parts act as border security, Yekepa, October 2004

In addition to failing to establish control of Liberia's natural resources, UNMIL and the NTGL have been slow to respond to frequent reports of threats to the stability and security of the country. It took UNMIL and the NTGL over a year to deal with the security and environmental concerns posed by the occupation and effective control of

^c The mine is referred to as BOPC due to the area previously being used by Butaw Oil Palm Corporation.

Sapo National Park by ex-combatants. Eventually, the successful evacuation of the Park's diamond miners was largely due to the attraction of the newly discovered diamond mine in Sinoe.

The lack of regulation and control of the exploitation of Liberia's natural resources both threaten security and undermine the efforts of the Government of Liberia, with the assistance of the international community, to utilise these resources for the reconstruction of the country and, as stated by the UN Security Council, "for legitimate purposes for the benefit of the Liberian people, including development"²².

With proper regulation in place, revenues generated from the sales of these resources would be contributing to the rebuilding of Liberia and would provide much needed jobs for communities and ex-combatants. Instead, huge swathes of the country rich in natural wealth are outside government control and are effectively under the control of ex-combatants, providing them with unregulated income and leaving people vulnerable to a possible resurgence of the grave human rights abuses committed by the industry as in the past.

Liberia's Borders

Global Witness investigations in 2004 and 2005 found that there was little or no control



Ferry crossing between Liberia and Côte d'Ivoire at Prollo, March 2005

of Liberia's porous borders. A Global Witness investigation mission to Ganta, in September 2005, found that border control was undertaken by two Bureau of Immigration employees. They had not been paid for three months and did not have basic equipment such as a radio, vehicle or

fuel.²³ While UN peacekeepers are supposed to control the border zones, they are in fact stationed far from the borders, conducting regular patrols only once a week and usually on the same day, thus providing inadequate and predictable control. In view of the historical cross-border trafficking of resources and mercenaries, this lack of border control not only undermines security, but also encourages violations of the UN sanctions.

Global Witness interviews with NGO personnel and business people who frequently travel to Côte d'Ivoire revealed increasing fear of a possible outbreak of violence amongst local people in south-eastern Liberia, especially in the Zwedru and Harper areas.²⁴ They also reported harassment and intimidation of commuters by security personnel in the Ivorian border region. Global Witness sources reported that single-barrelled shotguns were being smuggled across the border from Côte d'Ivoire to Liberia, in violation of the UN arms embargo. Global Witness was informed that the District Officer (*sous-prefet*) in Tabou (in Côte d'Ivoire) had asked someone to relay a message to the Superintendent of Maryland County (in Liberia), asking for an informal meeting to discuss reception for Ivorian refugees should violence erupt on the Ivorian side of the border.²⁵

Global Witness investigations found that former combatants of MODEL in the region had not gone through any form of reintegration programme. Some were involved in petty businesses while others remained idle and restless. MODEL ex-combatants were mostly visible in Zwedru and Plebo, the major business town near Harper. Many

regularly commuted back and forth across the border, and have ostensibly established links with local military commanders across the border. Some of these ex-combatants fought in Côte d'Ivoire in late 2002 and were later recruited by MODEL in 2003, during their march to Monrovia.²⁶ In the wake of the cessation of hostilities in Liberia that was followed by the disarmament and demobilisation process, they had returned to the south-eastern region. Some of them had gone straight back to Côte d'Ivoire while others stayed in the Liberian border region. Historical connections between Ivorian militias and Liberian combatants in this region, together with the absence of security in the region, provide the perfect environment for recruitment. The militia networks and former MODEL fighters are still present in the region and could easily be used for recruitment by Ivorian militia, without even the risk of attracting the attention of the security forces.

The border at Prolo and Pata-idea is under the control of the Liberian security forces, and UNMIL conducts routine patrols to the border to assess the security situation there. However, the Liberian security forces lack equipment to effectively patrol the border. The Liberian National Police have the only vehicle of all Maryland security forces. Global Witness sources reported that instead of using the vehicle for security operations and to provide back-up transport services for the personnel at the border, they used it to run commercial transport between Harper and Plebo²⁷. Staff morale among police and border guards is low. Trucks carrying goods use the TCO ferry to cross into Liberia. The ferry is operated and used primarily by the Lebanese community in Harper and Plebo.

Progress of the DDRR Programme and the Problem of Recruitment

The success of the DDRR programme in Liberia is crucial to the long term prospects for peace in Liberia and the region. The area surrounding Liberia – the Mano River region – remains highly unstable. Many of the region's countries are just recovering from, or are poised to descend into, conflict. Historically, these conflicts have been inextricably linked through the flow of combatants who, as a way of life, have fought for control of the region's natural resources. It is now highly likely that there is recruitment of Liberian ex-combatants by both sides of the conflict in Côte



Road sign for DDRR Joint Implementation Unit office, Monrovia, October 2004

d'Ivoire. Lack of economic opportunity combined with an unsuccessful demobilisation programme has made Liberia's ex-combatants easy prey for recruiters eager to draw them into the Ivorian conflict²⁸. They could also become potential sources of instability in Liberia once again.

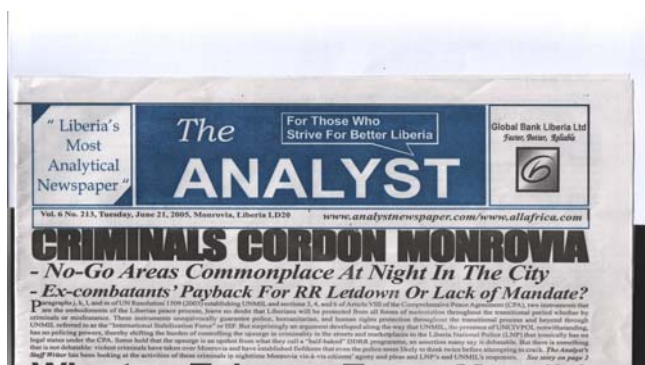
How Effective was Disarmament and Demobilisation?

The Disarmament and Demobilisation (DD) component of the DDRR programme was fraught with difficulties from its inception. DD was carried out by UNMIL. Poor planning meant that the DD was started prematurely, without a complete list of ex-combatants or adequate resources and personnel to deal with the high numbers of registrants. The unexpectedly high number of registrants further reduced the period for the DD from three weeks to five days, when the funds provided for the exercise went dry. Delays in benefit payments throughout the programme resulted in the frustration of the ex-combatants. Riots by ex-combatants in January and May 2005²⁹ led to the premature suspension of the programme. As a result, UNMIL redesigned the process. UNMIL's original estimates put the figure of DDRR-targeted persons at 35,000; yet with more than 104,000 ex-combatants registering, the entire DDRR budget was consumed in the first stages, leaving nothing for the crucial rehabilitation and reintegration components. Furthermore, the criterion for participation in the disarmament programme was merely handing in 150 bullets, which provoked massive abuse of the programme. The poor planning, lack of co-ordination and low entrance criteria also resulted in some ex-combatants trading their arms for a cut of their payments. This created a discrepancy in the number of weapons in relation to the number of ex-combatants registered, with only 28,314 weapons collected in total.³⁰ Few heavy weapons were collected, possibly because they were moved out of Liberia before DDRR started. UNMIL continues to uncover more arms and ammunitions that were not surrendered to the mission during DDRR.³¹

The effectiveness of DDRR was further undermined by the failure to break the command structure of the different rebel groups. These command structures remain in place and many ex-combatants maintain allegiance to their old commanders.³² Global Witness investigations when found that ex-combatants, utilising the former command structures, carried out a significant proportion of the exploitation of natural resources. For example, in Guthrie rubber plantation, the extraction of rubber "rubber tapping" is controlled and organised by a number of generals from both LURD and the NPFL.³³ Likewise, a significant proportion of pit-sawing operations were organised within the old command structures of rebel groups. The persisting command structures of former factions were significant factors which led to rioting by ex-combatants on October 28-31, 2004.³⁴

The Rehabilitation and Reintegration Process

The effective reintegration of ex-combatants is one of the greatest challenges for long-term stability in Liberia. The reintegration programme aims to provide ex-combatants with basic technical and employment skills to start a civil livelihood and reintegrate them into society. Ex-combatants could choose between formal education, vocational training, public



works, or agriculture, livestock and fishery. 40% opted for formal education. As of 24 August 2005, almost 73,000 demobilised ex-combatants were in rehabilitation and reintegration projects funded by UNDP and bilateral partners. However, the programme faces a funding shortfall of \$18.5 million to include a further 26,000 ex-combatants in the reintegration and rehabilitation programmes, and another \$7 million to meet the costs of school fees and allowances for ex-combatants who are attending school.³⁵ Given the previous rioting by ex-combatants in response to late payments or lack of provision of places in the RR programmes, this gap in funds poses a serious security risk.

The resettlement of 45% of ex-combatants in Monrovia has already caused a strain on resources and a security risk.³⁶ There are reports of an increase in violent crimes including murder, assault and armed robbery in Monrovia, as some ex-combatants struggle to adapt to a life as ordinary civilians.³⁷ The absence of effective law enforcement encourages people to commit crimes, knowing that they are unlikely to be pursued by the police.³⁸

The success of DDRR will be further undermined if there is no marked increase in job and self-employment opportunities for ex-combatants. The lack of opportunities and facilities to apply skills gained in the Reintegration programmes all too often results in ex-combatants becoming easy prey for potential recruitment into another armed conflict, or being drawn into criminal activities. Peacekeepers interviewed by Global Witness referred to the lack of employment opportunities as a serious threat to stability.³⁹

Recruitment

The long-established cross border movement of “regional warriors” and their migration from one conflict to the next continues to remain one of the fundamental threats to stability in West Africa. Previous reports by Global Witness⁴⁰ and Human Rights Watch⁴¹ have documented recruitment for the warring factions in Côte d’Ivoire in early 2005.

In October 2005, Human Rights Watch reported that the “Ivorian government is bolstering its military manpower by recruiting children who fought in Liberia’s brutal civil war”⁴² alongside ex-combatants, stating that the children they interviewed were offered between US\$300 and US\$400 and promised further remuneration for identifying additional recruits. Senior diplomats and UN staff interviewed by Global Witness are convinced that, while they had not discovered any fresh evidence of recruitment, it was almost certainly continuing.⁴³ Human Rights Watch found that almost all of those interviewed had registered for RR programmes, but many explained that economic pressures had forced them to abandon them. A leading human rights activist in Monrovia claimed that “there are people on stand-by, if they are called to arms, they will do, without questioning the cause.”⁴⁴

Diplomatic and ONUCI staff interviewed by Global Witness in Côte d’Ivoire reported a massacre committed on 1 June 2005 in two villages, Guitrozon and Petit Duekoue, close to Duekoue some 40 km south of the Zone of Confidence which left 48 people killed by machetes and their homes set alight. They stated that the patterns were similar to those of earlier attacks in Liberia, indicating that these attacks may have involved Liberian combatants.⁴⁵

Liberia’s Security Sector: Potentials and Threats

Liberia National Police (LNP)

Liberia’s principal law enforcement body has historically been a source of human rights abuses, corruption and instability. Reforming and re-training the LNP is therefore an integral part of the security sector reform process. Institutionalised corruption and immunity from prosecution has resulted in considerable mistrust in, and fear of, the police by civilians. The Accra Peace Accord recognised the need for reform of the police force in line with human rights principles.⁴⁶ The UNMIL police force, CIVPOL, was mandated to lead the training and vetting process. As of 24 August 2005, there were 1,090 CIVPOL personnel to support this process.⁴⁷

A key element of the envisaged restructuring of the police is the vetting procedure aimed at ensuring that persons who have committed serious human rights violations, crimes against humanity or who have breached international humanitarian law are not part of the LNP. In two stages police officers and applicants for the new LNP were screened by UN organisations, for example the Special Court in Sierra Leone and UNMIL Human Rights Section, and then through publication of applicants’ names in

local newspapers and in leaflets distributed country-wide. There would then be investigations into any accusations brought forward.

Despite the efforts to cleanse the forces from criminal elements and human rights violators, the system has been criticised by Human Rights Watch for its failure to completely demobilise the police force. This is mainly due to the lack of adequate human resources, which obstructed UNMIL from thoroughly investigating allegations of human rights abuses against applicants, and the failure of both UNMIL and the Liberian transitional government to establish clear human rights criteria to screen applicants.⁴⁸ The success of involving the Liberia population in the screening process was hampered by the fact that less than 40% of the adult population is literate. Human Rights Watch reported that “these problems resulted in a police vetting process that was disorganised; inefficient and more likely ineffective in ensuring that the new Liberian National Police would truly represent a break with the past.”⁴⁹

Police recruits interviewed by Global Witness⁵⁰ reported that although they had undergone CIVPOL training, severe lack of equipment undermined their ability to operate. Officers did not have means of communication, vehicles or uniforms, and had not been paid for two months. The constraints under which police officers operate reflect the wider problem of continued shortfall in funds. The NTGL attempted to pay salaries regularly, but was unable to raise the US\$4 million necessary to decommission police and special security services personnel who were not eligible to join the new services.⁵¹

The newly elected Liberian government must redress these shortcomings by completing a comprehensive assessment of the police force to remove past human rights abusers from office. The continued lack of public faith in the police, slow pace of the judicial reform and rising crime rates have led to an increase in vigilantism.⁵² Amnesty International reported the assault and killing of some criminal suspects who the public perceived had been sufficiently punished;⁵³ Global Witness sources reported similar cases.⁵⁴

Reform of the Army

As is true for the police force, successful restructuring and retraining of the army is a crucial component of the reform of the security sector and fundamental to the long term prospects of peace in Liberia. The army, which was involved in overthrowing the government in 1980, was responsible for significant human rights abuses, widespread repression and regional instability. The 2003 Accra Peace Accord, in Article VII (b.) identified the need for the restructuring the Armed Forces of Liberia (AFL). UNMIL⁵⁵ was mandated to assist the NTGL in this exercise, while the US government is taking the lead in restructuring and training the new army and has contracted the private security company DynCorp for this task⁵⁶. The contract of over US\$100 million targets recruiting, training and equipping the new army over a period of three years. A US-conducted study recommended the size of the new army to be 6,000 personnel, a significant reduction from its height during the war of 14,000; however, a lack of funds led to a reduction to 2,000.⁵⁷

To ensure that the new army does not repeat the abuses of the past, government forces and all irregular forces will be completely disbanded, and AFL recruitment started from scratch. The process of reforming the army is behind schedule with the demobilisation of the 9,000 who were recruited during the war having just been completed. They were given slightly more than US\$300 each. Attempts to dissolve the army were met by protests from soldiers from the AFL.⁵⁸ Around 4,500 regular military personnel who will receive pension and lump sum payments are yet to be demobilised.⁵⁹ The US\$11.5 million necessary has yet to be raised and the NTGL has

approached the AU in search of funds. South Africa has pledged US\$4 million⁶⁰ but the remaining amount has not yet been secured.⁶¹ The funding shortfall caused the postponement of the reintegration, leading to concerns that disgruntled former combatants may try to disrupt the October 2005 elections.⁶²

Donor governments and the Government of Liberia must pledge sufficient funds to secure the complete demobilisation of the forces, and ensure that the process of recruiting and vetting can continue. The UN Secretary General noted that the delays in the implementation of programmes for decommissioning of personnel from the AFL and the Liberian National Police were caused by funding shortfalls and argued that "there is a danger that elements disgruntled about delays in this process could add to the security threat already posed by ex-combatants awaiting reintegration."⁶³

No decision has yet been made as to whether ex-combatants should be accepted into the new AFL.⁶⁴ Given the problems identified in the vetting procedures of the police force, the contracted company DynCorp should ensure that it applies the lessons learnt, and complete a comprehensive vetting process which will prevent known human rights abusers from serving in the army. DynCorp must further ensure that the army receives training in human rights and international humanitarian law. The training will last 12-16 weeks per group and take a year to complete for all.⁶⁵

The fact that the maritime component of the army had been completely disbanded was deplored by senior UNMIL military personnel as a grave lost opportunity of converting it into a unit to control coastal smuggling and trafficking routes. Liberia has a history of smuggling and trafficking by sea, including of weapons and armaments.⁶⁶ Furthermore the army will only have 2,000 personnel to secure peace, a fraction of the 15,000 peacekeepers currently in Liberia.

DynCorp is one of the US government's top 25 contractors, and has received nearly US\$1 billion since 1995 for various services.⁶⁷ In a media interview, a US official gave an assurance that DynCorp would "create a new state-of-the art army, trained to international standards and composed of soldiers who are carefully recruited, vetted and trained to be subordinate to the rule of law."⁶⁸ In the report "Hopes betrayed" Human Rights Watch alleged that DynCorp personnel were involved in human rights abuses in Bosnia and Herzegovina between 1999 and 2000.⁶⁹ Global Witness has not conducted any investigation into these allegations and is therefore not able to confirm them. Global Witness is not aware of prosecutions resulting from these accusations. Nevertheless, the US Government, the Government of Liberia and Liberian civil society must be vigilant to ensure that any allegations of human rights violations committed by anyone including DynCorp personnel in Liberia are adequately investigated and appropriate action taken.

Justice in Liberia

Despite significant improvements in security in Liberia in 2005 and efforts to reform the security sector, there has been inadequate attention given to the crippled judicial system. Access to justice, restoring respect for the rule of law and ending the culture of impunity are fundamental to long-term peace; yet they have not been adequately addressed.

A Truth and Reconciliation Commission (TRC) was established on 10 June 2005 to investigate human rights violations between 1979 and 14 October 2003. The TRC is mandated to investigate and report on gross human rights violations, violations of international human rights law and economic crimes such as the exploitation of natural resources to perpetuate armed conflict.⁷⁰ Global Witness welcomes the broad

recognition of the central role that natural resources have played in Liberia's long lasting conflict. The TRC can recommend prosecution, and recommend amnesty for people who disclose fully and express remorse, but not grant it.

The fundamental question of prosecutions for crimes committed during the fourteen years of war has not yet been addressed. It is imperative that persons who may hold public office are not exempt from prosecution. The commitment of the newly elected government to establishing respect for the rule of law and ending impunity will be assessed by its willingness to hold those who are indicted to account. Should war crimes prosecutions be held in Liberia, the national courts would not be in a position to hold such trials without significant investment into both, facilities and personnel. Considerable international support will be needed to tackle these tasks.



The National Legislature buildings, Monrovia, March 2004

Some well-known perpetrators of human rights violations have recently been elected to the Senate, including the warlord known as General Peanut Butter⁷¹ (alias Adolphus Dolo) and former rebel leader Prince Yormi Johnson who was involved in the extrajudicial torture and execution of President Samuel Doe in 1990 which was video taped.⁷² Charles Taylor's wife, Jewel Howard Taylor, was elected to the Senate. The election of persons implicated in the Taylor regime raises serious concern that the power and influence thus bestowed on them may be used to obstruct efforts to reconstruct a free and democratic Liberia or to hold those responsible for war crimes to account.

The collapsed judicial and penal systems are in critical need of reform. International donors must secure adequate and timely funding. In 2003, an independent assessment of the Liberian judicial system was conducted by the International Legal Assistance Consortium (ILAC) at the request of the head of UNMIL, Special Representative of the Secretary General (SRSG) Jacques Paul Klein. Its report concluded that there "is massive systemic corruption, the infrastructure is little more than a decaying shell, and under the terms of the amnesty granted to rebels by Comprehensive Peace Agreement, many of those who committed atrocities cannot be brought to justice. There is an almost unanimous distrust of Liberia's courts and a corresponding collapse of the rule of law."⁷³ Consequently, UNMIL was mandated by the Security Council to assist the NTGL to consolidate a national legal framework, including judicial institutions.⁷⁴ Judicial reform has been hampered by the slow arrival of donor funds, which are also insufficient to cover the extensive costs of the judicial reform required. According to the UN Secretary General's Progress Report from September 2005, "the reality is that 16 months into the transitional period, virtually no funding has been received for the reform and rehabilitation of the legal and judicial system." The Secretary General further noted that "reform of the judicial sector is still hampered by an acute lack of facilities, material resources and funding."⁷⁵ Human Rights Watch

concluded that the “reform of the justice sector has progressed at an alarmingly slow pace (and) the Judiciary in Liberia remains severely dysfunctional”.⁷⁶ Amnesty International noted that “prison and police detention facilities are overcrowded, and most of the inmates are detained without charge or trial” and “all of the prisons are categorized as uninhabitable.”⁷⁷ Local human rights NGOs insisted that the international community must provide further technical and financial assistance.⁷⁸

One of the components of GEMAP is to establish an independent anti-corruption commission with prosecution powers. This commission should extend beyond the programme’s time span of three years, with adequate structural and procedural links to the reformed judiciary system. In view of the historic and persistent problems of corruption within the government structures and the private sector, a permanent and independent anti-corruption commission and a respective chamber of justice are vital to effectively and permanently root out corruption.

Charles Taylor



Charles Taylor, courtesy of Global Policy Forum.

In June 2003, the Special Court for Sierra Leone unsealed an indictment against Charles Taylor for his role in supporting the RUF and fuelling conflict in Sierra Leone on 17 counts of war crimes and crimes against humanity. On 11 August 2003, Taylor resigned as President of the Republic of Liberia and left the country for exile in Calabar, Nigeria, as the result of an exile agreement with Nigerian President Olusegun Obasanjo. As documented repeatedly by local and international NGO’s, including Global Witness⁷⁹, Taylor has violated the terms of his exile, maintained contact with former military, political and business associates in Liberia, and continues to meddle in Liberian political life.⁸⁰ The UN Secretary General stated in his 7 June 2005 report that “Charles Taylor is reportedly in regular contact with his former business, military and political associates in

Liberia and is suspected of sponsoring a variety of presidential candidates with a view to ensuring that the next Liberian Government will include his sympathizers.”⁸¹

In the past year there have been many requests made at the international level for Taylor to be handed over to the Special Court of Sierra Leone. These have included United Nations Security Council resolutions, statements by the US Senate and House of Representatives, the European Parliament and the Campaign Against Impunity, a coalition of 300 civil society groups from 13 countries, including Amnesty International and Human Rights Watch⁸². A communiqué of the Heads of State of the Mano River Union called for Nigeria to review the terms of his temporary stay or refer the matter to the ECOWAS Heads of State for further consideration. The communiqué referred to “his [i.e. Taylor’s] alleged involvement in the 19th January 2005 assassination attempt on President Lansana Conte in Conakry, his alleged involvement with the gathering of armed people in the forest areas of Liberia and telephone calls to high level Government officials in Liberia”⁸³. The communiqué notes that “there may now be need for a review of the terms of his temporary stay.”⁸⁴ The Justice Minister in the transitional government, Kabina Ja’neh, the former spokesperson of LURD, urged the Liberian

Government to conduct an urgent review of the terms of Taylor's exile in Nigeria, accusing Taylor of having contact with supporters in Liberia to influence future political affairs.⁸⁵ However, the transitional government disassociated itself from the minister's statement.⁸⁶ On 1 November 2005, a federal court in the Nigerian capital Abuja ruled that a complaint brought by two Nigerian victims of amputations by members of the RUF who objected to the Nigerian government granting exile to Taylor was justified.⁸⁷

Despite all these representations and abundant documentation of Charles Taylor's role in war crimes and crimes against humanity⁸⁸ President Obasanjo has so far refused to hand Taylor over to the Special Court for Sierra Leone. In an address to the General Debate of the African Union's General Assembly's 60th session, President Obasanjo claimed that Taylor's transfer from exile in Nigeria to face trial at the Special Court

could do more harm than good.⁸⁹ On 11 November 2005 the member of the US House of Representatives, Edward Royce, wrote to President Ellen Johnson-Sirleaf to request that she immediately call upon the Nigerian Government to transfer Taylor to the Special Court in Sierra Leone.⁹⁰ Furthermore on 11 November 2005 the United Nations Security Council passed Resolution 1638 to grant UNMIL Chapter 7 mandate to arrest Taylor if he returns to Liberia.⁹¹



Election Campaigning September 2005

Global Witness sources have reported that Taylor has influenced presidential and parliamentary candidates to the Liberian elections through financial support and through the support of his former party, the National Patriotic Party (NPP), which was striving to capture seats in the legislature in the October 2005 elections.⁹² These sources have reported that Taylor is continuing to receive people from Liberia and is maintaining an organisational structure to retain control and influence on an international level.⁹³ This structure has reportedly been reorganised into 40 units. Sources have further indicated that the recent rioting when it became apparent that Ellen Johnson-Sirleaf was the winner of the Presidential race was instigated by Taylor in an attempt to return to Liberia. Taylor maintains access to money and bank accounts worldwide through representatives and accounts set up on his behalf in other names, ensuring safety from Interpol investigations.⁹⁴ Global Witness urges the newly elected government in Liberia to call for Taylor's immediate transfer to the Special Court on Sierra Leone in a demonstration of its commitment to ending impunity in the region. Such a move by the Liberian government would be especially important in view of President Obasanjo's repeated assertions that he would only consider handing Taylor over if a democratically-elected Liberian government requested him to do so.

Regional Security

The civil war in Liberia consumed the region; Taylor supported the RUF's brutal incursion in Sierra Leone, and the conflict in Côte d'Ivoire through supporting the Ivorian militia groups MJP and MPIGO. Guinea also supported rebel groups opposed to Charles Taylor. Today the stability of each of these countries remains intricately linked. West Africa is highly unstable with the imminent withdrawal of UNAMSIL from

Sierra Leone by 31 December 2005, Liberia's slow pace of reform and fragile peace, the continuing economic and social decline of Guinea and increasing tension in Côte d'Ivoire. The UN Secretary General reported that the instability in Côte d'Ivoire was affecting UNMIL's efforts to stabilise Liberia.⁹⁵

Côte d'Ivoire: on the Brink of War

Côte d'Ivoire has been divided since September 2002, with a 'Zone of Confidence' buffering the government-controlled South and the Forces Nouvelles-controlled North, enforced by 6,640 United Nations Operation in Côte d'Ivoire (ONUCI) peacekeepers and 4,000 French troops.⁹⁶ Continued violations of the Zone of Confidence are reported.⁹⁷ Government and rebel positions are deeply polarised, and despite peace agreements, a genuine compromise still seems a long way off. In talks with Global Witness, a senior ONUCI official maintained that "both sides are playing with the international community, neither of them have respected all the terms of the Linas-Marcoussis Peace Agreement."⁹⁸

On 9 September 2005, the UN Secretary General announced that elections scheduled for 30 October would not be held because of the delays in preparations.⁹⁹ The demobilisation, disarmament and resettlement process (DDR) had been postponed by both sides, several times. The UN Expert Panel found evidence of the Government attempting to rebuild its air force.¹⁰⁰ Neither the Forces Nouvelles, nor government-supported militia have submitted a list of weapons in their possession - a prerequisite to disarmament. The Forces Nouvelles have insisted that the national identity issue, which relates to identity cards, voters' rights, and eligibility for the Presidency (Article 35 of the Constitution which requires that anyone running for president must be born in Côte d'Ivoire of parents both born in Côte d'Ivoire) and oppression against 'immigrants' (one of the main causes of the conflict in the first place) be resolved before embarking on disarmament in the area under their control. Global Witness sources confirmed that the militias stationed in the South were under the direct control of President Laurent Gbagbo.¹⁰¹ The UN Expert Panel reported that the "continued presence of organized and armed militias poses a major security risk that has the potential to disrupt the entire peace process".¹⁰² The militias in the South are reported to have been involved in ethnic killings in the south-west.¹⁰³ While the government reported the demobilisation of some 5,000 militiamen loyal to the President in September 2005, senior diplomatic staff, ONUCI officials and Ivorian human rights activists interviewed by Global Witness believed this was merely to create a facade, leaving a substantial number of militia in the waiting.¹⁰⁴

Local NGOs and ONUCI staff expressed deep concern that the human rights situation is continuing to deteriorate throughout the country.¹⁰⁵ The continued use of hate propaganda by some political figures and the media has encouraged attacks on minorities and migrants, and led to inter-ethnic clashes.¹⁰⁶ In September 2005, the UN Secretary General stated that "politically motivated and arbitrary detentions, extra-judicial killings, rape, the confiscation of private property and the intimidation of opposition leaders and their followers were widely committed with impunity by elements of the Ivorian Defence and Security Forces and by the Forces Nouvelles, and militias associated with both forces."¹⁰⁷

At the time of writing, the situation is at a stalemate. Progress is reliant on the Forces Nouvelles' willingness and readiness to disarm, yet their lack of trust in Gbagbo's commitment to the provisions of the peace agreement and stipulated constitutional changes may well prevent them from doing so. On 6 October the Peace and Security Council of the African Union came to the conclusion that elections could not be held as planned and announced that President Gbagbo should remain in office for 12 months after the date set by the Ivorian constitution, 31 October 2005.¹⁰⁸ The UNSC on 21

October 2005 confirmed this position¹⁰⁹. The AU called on Gbagbo to appoint a new Prime Minister with more extensive powers and on South Africa to continue to acting as mediator, to be assisted by a five member committee in day to day mediation.¹¹⁰ The Forces Nouvelles responded by denouncing the recommendation that Gbagbo remain in office and insisted on choosing the new Prime Minister.

30 October 2005 was marked by protests by thousands of opposition supporters. Pierre Schori, Head of the UN Mission in Côte d'Ivoire, said that "all sides are guilty of failing to fully commit to peace."¹¹¹

Sierra Leone

By 31 December 2005, the mandate of the United Nations Mission in Sierra Leone (UNAMSIL) will end. UNAMSIL has almost completed its withdrawal of its troops from Sierra Leone and the Sierra Leonean Armed Forces (RSLAF) are now in control of internal security. The security situation in Sierra Leone is relatively stable but there is potential for renewed instability if the issues which caused the war in the first place are not addressed. The short-comings of the DDR process, in particular training offers which did not focus on the needs for rural development and rural employment, has created a class of unemployed or under-employed youth who have migrated to the capital in search of work. Lack of support programmes for the transition period might result in frustration. The dismal socio-economic situation combined with persistent corruption at all levels still poses a threat to social stability.

However, Sierra Leonean civil society is well organised with a number of human and civil rights NGOs establishing a culture of critical observation of government activities and actively assisting in the provision of independent anti-corruption measures¹¹².

The porous nature of Sierra Leone's border with Liberia and historical cross-border trafficking of resources and mercenaries links peace in Sierra Leone to the political situation and the stability of its neighbours. Sierra Leone will remain vulnerable as long as DDR is not successfully completed in Liberia and for as long as conflict is brewing in Côte d'Ivoire.

Republic of Guinea

The Republic of Guinea is the paradigm of an African country rich in natural resources with a population which is cripplingly poor, with the majority living on less than a dollar a day. Guinea has a third of the world's bauxite reserves as well as deposits of gold, diamonds and iron ore. Guinea's economy is steadily shrinking with an inflation rate of around 40% in 2005. In 2003, budgetary and financial support by the World Bank, IMF and donors was suspended as a reaction to the Guinean government's failure to comply with IMF conditions. The decline in economic activities, corruption, and the lack of external financial assistance resulted in a dramatic decrease in revenues raised by the Government. Inflation and devaluation of the national currency further worsened the budgetary situation in 2005.¹¹³ President Conteh maintains control through the army and through an oppressive political system. The main opposition party abstained from the last elections in 2003, and the legislative powers are in the firm grip of the President.¹¹⁴

Municipal elections are set for 18 December 2005 and will be observed as an assessment of the democratic progress made by the government. Pressure from international donors forced Conteh to agree to a programme of some cautious political reform through his Prime Minister, with the aim of restarting frozen foreign aid.¹¹⁵

Stability remains particularly fragile in the Guinée Forestière region.¹¹⁶ A recent report by the International Crisis Group warns that "Guinea risks becoming West Africa's next

failed state.”¹¹⁷ The report outlines the steady decline of Guinea in terms of the economy and stability. Conteh’s health remains a serious cause of concern and speculation. The question of his succession remains unsolved; competition between various aspiring military and political figures has led to concern about the impact on Guinea’s future stability¹¹⁸.

B: Lack of Control of the Timber Sector

Timber Sanction Violations

The FDA and UNMIL both stated to Global Witness that there is no industrial logging or timber export taking place in Liberia, when Global Witness interviewed them in September 2005. A field visit by Global Witness (to Buchanan and parts of the former OTC concession in River Cess County) supported these observations. However, one source reported that villagers in the border areas with Guinea have reported small-scale violations of the timber export ban, stating that sawn timber is transported to Guinea from Ganta town, mostly by Guinean truck drivers.¹¹⁹ A similar pattern was reported for the border between Grand Gedeh County and Côte d’Ivoire. Global Witness has not been able to verify these reports. Likewise, the UNMIL Senegal contingent reported rumours that 20 tonnes of timber had crossed the border with Côte d’Ivoire earlier in the year.¹²⁰ Global Witness was not able to verify these reports either.

UNMIL peacekeepers do not conduct regular patrols of forest and logging areas or significant border crossing points. This omission results in a lack of reliable information about the violation of sanctions. Global Witness was told by LFI that it was not safe to operate in forests because of the continued presence of ex-combatants. LFI has suggested joint patrols by FDA, UNMIL and representatives of civil society to increase control over forest areas, but no such activities have been implemented yet. Global Witness strongly supports this recommendation¹²¹.



Truck with pit-sawn timber in Buchanan, September 2005

Officially, the FDA is responsible for the control of all forest-related activities, including transport of forest products. In September 2005 Global Witness conducted interviews in Buchanan with the FDA, UNMIL and the LNP and found a worrying lack of co-ordination. Global Witness saw at least three trucks transporting timber to Buchanan, even though UNMIL stated that the last trucks passed the Buchanan checkpoint some weeks before the interview. The LNP assured Global Witness that there had been no cases of timber transport without valid FDA waybills that had been reported to them by UNMIL. However, an NGO representative alleged that less than a third of containers on Liberia’s roads were subject to controls¹²². This would indicate a lack of commitment to effective control of timber transport in the country and a breakdown in communication between UNMIL and the LNP.

Pit-sawing and Lack of Control of the Forests

While there is a legitimate need for timber for the domestic market and reconstruction this is currently legally supplied through the operation of the licensed saw mills which transform abandoned logs from former concession operations. Pit-sawing (logging and sawing trees with chainsaws) has been banned since June 2000. However the lack of control of the forests and co-ordination by the FDA has resulted in pit-sawing activities. In the former OTC concession, at km 85 on the Greenville Road,^d groups of Liberian ex-combatants and foreigners are involved in pit-sawing. In September 2005 Global Witness recorded a dozen piles of sawn timber totalling an estimated 50 m³ by the side of the road. Global Witness interviewed members of three pit-sawing groups many of whom were ex-combatants. They reported that the sawn timber was transported by night, mainly to Monrovia.



Camp of ex-LURD pit-sawyers, September 2005

The ex-combatants told Global Witness that orders came mainly from some construction companies in Monrovia. Global Witness interviewed residents of a village in River Cess County who revealed that a "Wood Toll Committee" had been established charging every truck leaving the forest with sawn timber LRD 8,000 [the equivalent of US\$160].¹²³ Most of these trucks were carrying an average of 500 planks of wood. The Global Witness investigation team could not establish the

amount of timber leaving the forest, or the revenue generated. According to the villagers, 50% of this tax was withheld by members of the Toll Committee, the other half transferred to the County's government. Global Witness was unable to verify this. UNMIL forces in Buchanan claimed that they were not aware of any recent significant timber transportation - a statement contradicted by Global Witness's own observation of three log trucks on the road between km 85 and Buchanan. Local populations in River Cess County reported to Global Witness that tension was growing between local people and those involved in pit-sawing, as they were not paying fees to communities and the FDA had not taken any action against them.

The Forest Concession Committee recommends that all concessions be cancelled in light of non-compliance. Togba Timber Company (TTCO) previously held a timber concession under the Taylor regime.¹²⁴ However according to the FDA officer in Harper, TTCO continues to carry out "small scale logging operation to keep their saw mill functioning and to supply the local market"¹²⁵. The FDA officer reported that TTCO had a Memorandum of Understanding (MoU) with the FDA allowing them to undertake sawing operations to supply the local market. On 31 October 2005, *The Sentinel*, a weekly independent newspaper, quoted the FDA representative in Harper as confirming that TTCO was the only company in the southeast that provides wood on the local market", and that "UNMIL, other NGOs and locals doing construction get their supply from TTCO".¹²⁶ The Head of the Utilisation Department at the FDA, however, denied this and told Global Witness that he had no knowledge of any MoU with TTCO.

^d The area is known as Kilometre 85 in Liberia.

This demonstrates a lack of control and coordination by the central FDA over the regional offices.

On 7 December 2004, the FDA in Monrovia issued a directive reinforcing the ban on pit-sawing throughout the country. Less than one month later, on 3 January 2005, the FDA representative in Harper circulated a memorandum to chainsaw operators informing them about a new administrative fee of US\$350 to be paid by all chainsaw operators and those operating timber shops in the region for 2005.¹²⁷ Another memorandum from the FDA representative in Harper, issued on 5 January 2005, imposed fees on various forest products, such as an annual registration fee of US\$25 for firewood and round poles. In June 2005, the same office imposed fees on bush meat and live animal trade; these fees include US\$20 for live chimpanzees, US\$10 for live monkeys and US\$5 for birds. According to the FDA representative in Harper, these fees apply to all animals traded, whether or not they might be protected. FDA Monrovia has denied knowledge of this scheme. This demonstrates a negligence of forest management principles and control of forest related activities within the FDA. There is also a lack of coordination between different parts of the agency.

Sources from the UN Expert Panel confirmed in 2005 that pit-sawing was taking place throughout the country, albeit on a much lower level than under Charles Taylor's government.¹²⁸ A leading member of LFI informed Global Witness that the pit-sawing operations were also ongoing in Gbarpolu and Grand Cape Mountain Counties, where a taxation system was in place and a number of foreign individuals were operating from Bopulu to the Sierra Leone border.¹²⁹



UNMIL checkpoint, River Cess County, September 2005

In Grand Gedeh County pit-sawing operators founded their own association. The FDA has contacts with this association.¹³⁰ Furthermore, UNMIL reported that local FDA offices facilitated the movement of timber across their checkpoints by issuing timber transport permits.¹³¹ Some local and international NGOs have alleged that the amount of sawn timber observed indicates highly organised economic activities, with FDA and UNMIL involvement.¹³² Global Witness has not been able to confirm the involvement of FDA or UNMIL, but on the basis of available evidence, concludes that small scale timber production is organised and taking place throughout Liberia for the domestic market.¹³³

Furthermore the FDA's legitimisation of TTCO's continued operations is contrary to the Concession Review recommendation that all concession agreements should be nullified (see page 45). The FDA informed Global Witness that it was planning to regulate pit-sawing operations and was considering a timber sales system which would identify and exploit a limited area of depleted forest. A competitive bidding process would be used to grant permits, a pre-specified waybill provided and a system of road patrols implemented to control the transportation of timber. A taxation and tax collection system would also be set up.¹³⁴ The FDA assured Global Witness that NGOs would be involved in monitoring pit-sawing activities. Associations of pit-sawyers would be

contacted by FDA and UNMIL would be requested to support the implementation of the regulations.

Limitations in FDA Capacity

During the September investigation conducted by Global Witness, representatives from international and local NGOs and LFI stated that there had not been any significant improvement in the performance of the FDA. The FDA is overstaffed at the headquarters but understaffed in the field. Offices are not sufficiently equipped, with only three vehicles in total, and there is a critical need to improve logistics. Salaries have been in arrears for eight months. 164 FDA law enforcement officers were trained by UNMIL but, according to LFI and the FDA themselves¹³⁵, the capacity to control activities in the forests remains weak. FDA on the ground is virtually unable to function. The Head of FDA complained to Global Witness that the FDA was not getting any support in regulating and monitoring pit-sawing or sanctions violations and that they did not have the capacity to prevent pit-sawing. LFI was criticised for failing to provide the necessary training, apart from the law enforcement training already delivered.

The fundamental weakness of local FDA offices described above call into question the FDA's commitment to *'ensure that all Liberian revenues will be available for the benefit of all Liberian people, to ensure that the Liberian Government will have the appropriate fiscal instruments to capture the revenue required for the development of the country'*, as stated in GEMAP¹³⁶.

Liberia Forest Initiative Progress

(See Annex One – Executive summary of the Forest Concession Review – Phase III, Report of the Concession Review Committee, May 31, 2005)

The Liberia Forest Initiative (LFI) is led by the United States Department of Agriculture's Forest Service working with international donors, the World Bank, the IMF and non-governmental organisations, such as Conservation International (CI) and Flora & Fauna International (FFI). The LFI is mandated to work with the FDA to reform Liberia's forest sector and promote sustainable use of natural resources and biodiversity conservation¹³⁷. According to LFI, the broad objectives for forest sector reform are to:

- Design a plan for the Liberian Forest Development Authority's (FDA) financial and institutional reform
- Complete a transparent concession review process
- Exercise control over forest resources
- Design a training plan aimed at bringing FDA personnel, NGO and concession holders up to minimum international standards
- Secure commitment to protected areas and enforce rule of law in Protected Areas

The improvement of the management of concessions is regarded by LFI as a critical issue¹³⁸. However the fundamental questions of whether industrial logging and the concession system are the best ways to utilise the forest, has not been addressed. An LFI member interviewed by Global Witness said that alternatives to the concession system had not been a major consideration.¹³⁹ This is reflected in the Forest Concession Committee's reference to "Identifying appropriate land areas for establishing a concession system using land use planning methods"¹⁴⁰ (see Annex One).

Given the widespread criticism of industrial logging and the concession system Global Witness was concerned by this statement. ¹⁴¹A leading World Bank official recently told Global Witness that he agreed that industrial based concession systems had not proved successful in generating revenues for the government due to corruption and

problems of enforcement and have done little if anything to alleviate poverty.¹⁴² LFI has conducted numerous studies in the various aspects of reform to inform the LFI process but does not appear to have questioned the assumption that industrial logging and the concession system are the most appropriate way forward for Liberia.

A member of LFI said that most key studies on re-starting forest operations through a concession system were already completed; yet determination of specific requirements for Environmental Impact Assessments are still outstanding.¹⁴³ The Liberian forestry concession review recommended the cancellation of all previously existing concessions.¹⁴⁴ The report was been submitted to the Chairman of the NTGL but he did not endorse the document and its recommendations. It is critical that the incoming government endorse the report and implement its recommendations.

The Concession Contract Unit is currently working on three aspects of standard contracts for new concessionaires: Special Conditions, Standard Conditions

and the definition for Special Provisions. According to an LFI source¹⁴⁵, a new Law on Concessions and Procurement should be in force by January 2006. Furthermore a new Forest Concession Agreement is being elaborated. It is likely that large-scale processing units and concessions will be set up in the north-west and the south-east.¹⁴⁶ What remains unclear is the proportion of the forest that the FDA will set aside for concessions. Global Witness was told by LFI that around 2.6m ha out of a total of about 3.4m ha of forests will be reserved for exploitation.¹⁴⁷ These figures, if correct, would indicate that only 25% of Liberia's remaining forests would be targeted as protected areas. With the approximate forest coverage in Liberia being 25%, this would mean that a total of only 6.25% of Liberia would be protected. However, a member of LFI suggested that the decision on the proportion of forest used for timber concessions would be determined by the amount of timber production needed.¹⁴⁸ Global Witness raised the concern that forest operators who had benefited under Taylor and had helped him sustain power might benefit again from a concession system. An LFI representative stated that competitive bidding procedures would ensure that only bona fide companies or persons would be granted a concession.¹⁴⁹

The short-term objective of the Land Use Planning Unit is to identify forest land use in permanent and in non-permanent forests. This was started at the beginning of



Sawn timber ready for transport at km 85, September 2005

September 2005 with the engagement of an expert forester to establish a rough Liberia forest inventory. The consultant works with nine FDA staff in three teams who were trained by LFI consultants in inventory taking. The survey is based upon the GIS (Geographic Information System) maps of forest areas created by Conservation International and Flora and Fauna International. Data will be collected for five different types of forest (closed and open dense forests, savannah forests, concessions, silvi-agricultural land) covering 1% of Liberian forests. Given the low sampling rate, these data can only provide a rough estimate of what is left in the forests, in order to develop economic forecasts on possible levels of commercial timber production. LFI distinguishes between permanent and non-permanent forests (degraded or with human settlements); permanent forests being considered for concessions, the creation of protected areas and community forests, and non-permanent forests being considered for clearing for agricultural use through short-term, low volume timber sales contracts.¹⁵⁰

A study is being conducted by British consulting company FRR Ltd¹⁵¹ on the Chain of Custody (CoC) to track timber products. LFI is considering three scenarios for future taxation systems:¹⁵²

1. tax based on produced volume and existing taxes
2. taxes on export and land rental (IFM model)
3. taxation on production declarations, land rental, stumpage and export.

The third option is favoured by LFI¹⁵³. The LFI has invited the Environmental Law Institute to develop a reformed forest law and regulations¹⁵⁴.

In conclusion, little progress has been made since Global Witness' last visit to Liberia in April 2005¹⁵⁵. The FDA is still unable to conduct any meaningful control of Liberia's forests. Furthermore, there has been little movement on dealing with the domestic demand for timber and the unregulated and uncontrolled pit-sawing activities conducted primarily by ex-combatants. Regional FDA offices issue directives which contradict those issued at a central level. Discussions are under way to establish regulations for pit-sawing permits.

Global Witness found evidence of lack of even basic

management of Liberia's forest resources. While international experts are drafting frameworks for future forest management operations, LFI has so far failed to adequately involve the population outside the capital in planning, decision making, and consideration of the nature of forest use, although Global Witness was assured that communities will be more involved in the next stages of LFI. There is minimal control



Destruction of forest caused by logging road construction, 2001

on the ground which allows ex-combatants, provincial government administrations and business people to generate large amounts of money which are not taxed by the government.¹⁵⁶ Lack of control of forest activities by FDA and UNMIL also results in the absence of first-hand information on possible security threats in the forest zones. The concern noted in Resolution 1607 (2005) of the Security Council from June 21, 2005, *that few of the reforms in the National Transitional Government of Liberia road map necessary to meet the conditions set forth in paragraph 11 of resolution 1521 (2003) for lifting the measures on timber imposed by paragraph 10 of resolution 1521 (2003) have been implemented*¹⁵⁷, is still valid.

C: Lack of Control of the Diamond Fields



Former president Charles Taylor used diamonds from Liberia and from Sierra Leone as a source of revenue to finance his war machine and fuel the conflict which consumed West Africa. Liberia was used as a conduit for diamonds mined by the RUF in Sierra Leone.¹⁵⁸ In response to Liberia's continued involvement in funding the RUF, diamond exports from Liberia were sanctioned by the UN Security Council in March 2001.¹⁵⁹ In response to the threat Liberia still posed to regional and international peace and security, sanctions on diamonds were renewed in December 2003. UN Security Council Resolution 1521 stated that the embargo would be lifted when the NTGL had "take[n] urgent steps to establish an effective

Certificate of Origin regime for trade in Liberian rough diamonds that is transparent and internationally verifiable with a view to joining the Kimberley Process, and to provide the Committee with a detailed description of the proposed regime."¹⁶⁰ Sanctions on diamond exports were again renewed in June 2005.

The reform of the diamond industry is critical to ensuring that diamonds from Liberia and the region do not contribute to conflict and instability. Strong systems of controls over diamond production and diamond trading in Liberia must be set up to ensure that Liberia cannot be used as a hub for diamonds smuggled from neighbouring countries.

There are currently few controls in place to stop diamond mining and the trading of diamonds mined in Liberia, or diamonds from neighbouring countries that pass through Liberia. On 14 January 2005 the NTGL effectively outlawed all diamond mining activity by suspending the issuance of all licences and permits for diamond mining, and by

placing a moratorium on alluvial diamond prospecting.¹⁶¹ However, illicit diamond mining has continued in some parts of Liberia and the NTGL and UNMIL have done little to stop it. In September 2005, the UN Secretary General noted that “UNMIL continued to report to the Transitional Government the results of its aerial and ground surveillance of areas in which illegal diamond-mining is being carried out.”¹⁶² UNMIL should also monitor known smuggling routes and border areas, and should urge the Liberian government to act on the basis of this information.

The NTGL called for proposals from companies with international credibility to assist in the establishment of internal diamond control systems with a view to fulfilling the criteria set forth by the Security Council for sanctions to be lifted.¹⁶³ Despite this, mining in Liberia has continued and diamonds are being smuggled to Sierra Leone and Guinea in violation of the sanctions.¹⁶⁴

BOPC Mines

The lack of control by the NTGL and UNMIL has drawn twenty thousand people including a high number of ex-combatants from around Liberia into a newly discovered diamond mine in Sinoe, which is referred to as BOPC.¹⁶⁵ Ex-combatants, including several ex-generals from the NPFL and the LPC, and foreign nationals from neighbouring countries have migrated to the former Butaw Oil Palm Corporation (BOPC) site to mine and buy diamonds to transport to neighbouring countries. One witness told Global Witness that a significant number of the foreigners there were brokers buying diamonds. A huge amount of unregulated income is being generated.¹⁶⁶ The large number of miners and lack of hygiene facilities has caused a cholera outbreak which caused the deaths of at least 29 people in August 2005.¹⁶⁷ In September 2005, UNMIL identified the presence of such a large group of ex-combatants as a considerable security threat, yet there has been little action taken to evacuate the area.¹⁶⁸ There are reports that local government officials are involved in facilitating diamond mining but an inspection by the Bureau of Immigration did not confirm these allegations.¹⁶⁹

Violations of the Diamond Sanctions

Diamond Mining

In September 2005 Global Witness was told that there is not any large scale mining currently being carried out by companies in Liberia.¹⁷⁰ In March 2005, the UN Panel of Experts stated that mining operations were continuing along the Lofa River.¹⁷¹ During a visit upcountry in early 2005 the UN Panel of Experts stated that the scale AMA's operations were 'excessive for exploration activity'; AMA representation in Monrovia told the Expert Panel that it was simply storing washed gravel in drums for later processing should export sanctions be lifted. AMA was later forced to cease operations as it had not filed an exploration plan with the Ministry of Mines, as required by its license¹⁷². Another site in Nimba county that the Panel had been monitoring since August 2004 was not in operation in February 2005.

Diamond Trading

During an investigation in Sierra Leone and Guinea in September 2005, the findings of which are outlined in the report 'Making it Work: Why the Kimberley Process Must do More to Stop Conflict Diamonds', Global Witness interviewed numerous diamond buyers, brokers, dealers and exporters who stated that Liberian diamonds were entering the diamond pipeline at all points, from the mine to export. Diamonds from Liberia are mixed with diamonds originating in Sierra Leone and Guinea to conceal the origin. Once in Sierra Leone and Guinea, Liberian diamonds are certified and exported by the Kimberley Process authorities.

A Global Witness investigation in Sierra Leone found that Liberians regularly travel to Sierra Leone to sell diamonds in the main diamond trading towns of Kono and Kenema. They also travel to the capital Freetown via various border crossings including the official Mano River bridge point. Local diamond purchasers without licences act as intermediaries for Liberians to sell diamonds to licensed dealers. Diamond traders from Sierra Leone and other West African countries also travel to Liberia to purchase diamonds. One exporter, responsible for a large number of exports from Sierra Leone, claimed that a significant amount of Liberian diamonds were brought to his office, but claimed that he did not buy them because they were not of good quality. Another exporter, based in Guinea, stated that he had seen large quantities of Liberian diamonds in one diamond exporter's office when he had visited Freetown the previous week. The United Nations Panel of Experts on Liberia, in its report of March 2005, stated that in Liberia, "there is evidence to suggest that foreign buyers are operating ad hoc buying offices from hotels and guest houses. They are buying illegal Liberian production and smuggling it to neighbouring states where goods may be passed off as the domestic production of those countries and obtain Kimberley Process certificates, thus legitimising the diamonds for trade in the international market."¹⁷³ Global Witness's investigation supports these conclusions.

Global Witness also interviewed a diamond trader who worked with people who regularly travelled to Nimba County to buy diamonds. Nimba County is known amongst diamond traders in Sierra Leone as a location for sale of diamonds from Guinea and Côte d'Ivoire, rather than stones from Liberia.¹⁷⁴



Liberian diamonds are also exported to Guinea. In September 2005, Global Witness visited one licensed dealer's office in the capital Conakry and was shown 105 carats of Liberian diamonds bought earlier that day. The dealer stated that he often bought Liberian diamonds, and

that Indian diamond dealers were keen to buy these diamonds. Other dealers in Conakry also admitted to buying non-Guinean diamonds including from Liberia.

The lack of monitoring and control over diamond rich areas in Liberia is allowing diamond mining and trading to continue. Porous, uncontrolled borders are allowing illicit diamonds in and out of Liberia from neighbouring countries and the government and UNMIL appear to be doing little to stop this. The weak implementation of internal controls in neighbouring countries that are participants in the Kimberley Process certification scheme is also failing to stop the trade in diamonds from Liberia.

Reform of the Diamond Industry

Since the visit of a Kimberley Process expert team in February 2005 to assess Liberia's readiness to implement the Kimberley Process Certification scheme, there has been little progress in reforming the industry. The NTGL passed legislation to implement the Kimberley Process, but there remains a lack of capacity to enforce the law and implement a strong system of internal controls. There is also a lack of control over border areas and diamond regions. The United States government has earmarked funds to assist in the establishment of internal control systems in Liberia, and the US Geological Service has just signed an agreement to provide training and technical assistance for Liberia to implement Kimberley Process controls. A total of US\$1.7 million will be provided for training of Ministry of Mines staff, the printing of Kimberley Process certificates, and building a vault. However, little action has yet been taken on the ground.

A joint UNDP and government of Liberia initiative, 'Diamonds for Development', is also planning to focus on the reform of the diamond mining industry in Liberia. It aims to complement the Kimberley Process by ensuring the sustainable use of diamonds to overcome poverty and promote human development.¹⁷⁵ This programme has noted that the current focus on lack of capacity to meet Kimberley Process requirements is not addressing how the mining sector should operate once sanctions are lifted, and what reforms are needed to ensure that diamonds fund development rather than fuel poverty.¹⁷⁶



The NTGL does not have adequate control of either the diamond fields or the border regions to enforce the ban on the export of diamonds or for it to become Kimberley-compliant. The NTGL has been unable to effectively implement, monitor or enforce the laws to implement the Kimberley Process.¹⁷⁷ The lack of progress in the reform process shows that Liberia is not yet ready to join the Kimberley Process or to have sanctions lifted.

Turning Diamonds from a Liability into an Asset

The Liberian population should benefit from its own natural resources. Although Liberia's diamond sector is small in relation to its neighbours', real change in the artisanal diamond fields could reduce chaos and instability in these areas, and ensure that diamonds are used as a tool for development rather than contributing to the cycle of poverty. In neighbouring Sierra Leone, which has a much larger diamond industry than Liberia, projects aim to ensure that the "diamond industry contributes positively to peace and prosperity through increasing benefits to the people living in diamond areas and by helping the government improve its ability to manage diamonds."¹⁷⁸ In Liberia, UNDP is working with the government of Liberia on a 'Diamonds for Development' programme, focusing on the sustainable use of revenues from mineral resources. This programme has potential, and should coordinate with others working on diamond sector reform in Liberia to ensure that diamond revenues can be harnessed as a tool for long-term, sustainable development.

Efforts are already underway to improve coordination in artisanal diamond producing countries in West Africa, and other initiatives also aim to tackle the problems that prevent alluvial diamonds from generating meaningful economic growth. The Diamond Development Initiative (DDI) aims to bring together donors, governments of alluvial diamond producing countries, NGOs and the private sector to examine potential macro- and micro-economic solutions to some of the problems of alluvial diamonds and the hundreds of thousands of unregulated diggers that mine them. The DDI posits, *inter alia*, that regulation alone will not solve the problems of the artisanal mining sector. Part of the solution to formalising the informal must be economic: better prices should be obtained for those at the mine face.¹⁷⁹

Rubber

Another resource which has been hijacked by ex-combatants is rubber. The Guthrie plantation is currently under the control of thousands of ex-combatants, controlled in part by ex-LURD and ex-NPFL generals.¹⁸⁰ One of the generals refused to allow UNMIL access onto the plantation. UNMIL has registered 60 ex-combatants in Guthrie and is developing an RR programme for 512 other ex-combatants who had previously been excluded. However, there are no further plans to remove the ex-combatants who illegally control the plantation.¹⁸¹ It has been reported to Global Witness that USAID has earmarked US\$4 million to help remove the ex-combatants.¹⁸² While the evacuation of the illegal plantation occupiers may prove difficult and a potential cause of conflict, allowing the ex-combatants to remain both undermines the rule of law and poses a significant security risk.

Guthrie was previously a key revenue-generating institution for the government. The control by ex-combatants is depriving the government of Liberia of an important source of revenue which could be harnessed for the development of Liberia and benefit its impoverished population.



Rubber awaiting transport near Pleebo, October 2004

PART TWO: Donors and Incoming Government – Advice on Natural Resources Governance Policies

This section of the report examines donors' responses to the enduring problems of corruption and financial mismanagement and outlines the way in which the incoming Liberian government can and should commit to anti-corruption measures encompassed in the Governance and Economic Management Assistance Programme (GEMAP) and Extractive Industries Transparency Initiative (EITI).

What is GEMAP?

The ECOWAS audit of the NTGL's financial management system and the EC-financed audits of the Central Bank of Liberia and five State-Owned Enterprises¹⁸³ concluded that there was widespread corruption, misuse of funds and dismal accountability in the NTGL. Negotiations between the NTGL and the international community led to the development of GEMAP, which was launched in Copenhagen on 3 August 2005.¹⁸⁴

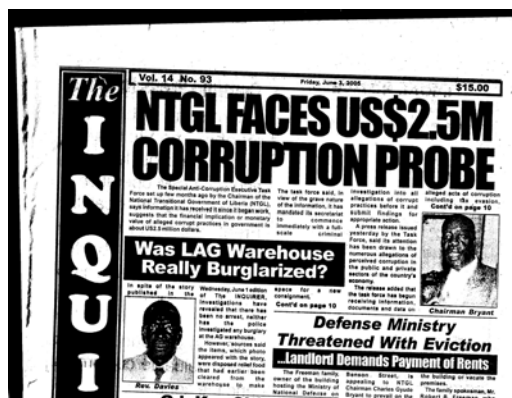
GEMAP, the Governance and Economic Management Assistance Programme, is a framework for political and administrative reform, assistance and oversight, **“to ensure that all Liberian revenues will be available for the benefit of all Liberian people, to ensure that the Liberian Government will have the appropriate fiscal instruments to capture the revenue required for the development of the country, and to strengthen Liberian institutions so that they can take responsibility for reversing decades of deficiencies in economic and financial management, the NTGL and its partners have concluded that immediate remedial action is needed. They have therefore agreed on the Governance and Economic Management Assistance Program (GEMAP)”**¹⁸⁵

The Programme comprises six interlocking components:

- Financial management and accountability
- Improving budgeting and expenditure management
- Improving procurement practices and granting of concessions
- Establishing effective processes to control corruption
- Supporting key institutions
- Capacity building.

GEMAP is monitored and implemented by the Economic Governance Steering Committee (EGSC). The international community is represented by the African Union (AU), European Commission (EC), Economic Community of West African States (ECOWAS), Ghana, International Monetary Fund (IMF), Nigeria, United Nations (UN), United States (US), and the World Bank (WB)¹⁸⁶.

The five State-Owned Enterprises that the EC audited will be reformed under GEMAP; and financial experts, with signatory powers, will be recruited internationally to supervise and assist their government counterparts. Furthermore, an external supervisor with binding co-signatory authority is likely to be brought into the Bureau of Customs and Excise (BCE) and the Ministry of Lands, Mines and Energy to ensure transparency and accountability in the area of concessions.



The GEMAP activities are envisaged to last 36 months, or until Liberia reaches HIPC (heavily indebted poor countries) status. In interviews with Global Witness, donors reiterated their commitment to continue the programme as long as it is required. The EU representative pointed out, in this regard, that some countries have taken up to six years to get HIPC funds.¹⁸⁷

GEMAP refers to its successful implementation as one element that will facilitate the lifting of sanctions. Global Witness notes that while certain reforms encompassed in GEMAP reflect some of the criteria for sanctions to be lifted, other criteria for sanctions to be lifted do not relate to GEMAP. As such, the implementation of GEMAP alone would not be sufficient for all the criteria to be met.¹⁸⁸

If GEMAP is successful it may provide a model which could be applied in other countries, regionally and worldwide.

All representatives of Liberian civil society and international NGOs that Global Witness interviewed expressed a positive view on the principles of the GEMAP as a framework for fiscal reform. Some members of Liberian civil society noted that it was unfortunately one of the few concrete points of engagement with the country by the international community.¹⁸⁹ GEMAP represents one of the most far reaching attempts by donors to reform the fiscal management of the country. However, its lack of clear benchmarks for implementation, its general vagueness, the need for effective donor coordination, and the lack of participation of civil society in both designing and overseeing the programme all call for close monitoring of its implementation. The success of GEMAP will also depend on the incoming



Road sign for Bureau of the Budget, Monrovia, March 2004

government's confirmation of its intention to implement GEMAP and translate it into a coherent legal framework. The following are concerns which if addressed could help ensure the effective implementation of GEMAP:

Weaknesses of GEMAP

A - Issues of Implementation

The transitional government of Liberia signed and agreed to implement GEMAP. Therefore, it is critical that the incoming government now also commits to its implementation. GEMAP's success is heavily dependent on the political will of the parties involved. If the new government is committed to reforming Liberia's corroded institutions, then it should not only implement GEMAP but incorporate relevant reforms into national law.

The effectiveness of this complex multi-donor programme could easily be undermined by a lack of co-ordination and harmonisation of approach. For example, the World Bank is funding the external expertise and supervising the BMA (ports), and the US is the primary agency reforming the FDA. Other key agencies will be supported by multi-donor efforts. Each donor has its own regulations on provision of assistance, hiring of consultants and project oversight. Without strong coordination, there is a risk of conflicting and incoherent management and administrative procedures. Global Witness was assured by donors that they are keen to harmonise and standardise relevant

Terms of Reference, timetables, selection assessment criteria, regulations and procedures, in order to overcome these risks.¹⁹⁰

Furthermore there is a lack of clear benchmarks with which to assess the success, failure or progression of the programme. This concern was echoed by some donors.

B - The Critical Role of Civil Society

There is widespread concern that Liberian civil society was not consulted when GEMAP was being developed.¹⁹¹ GEMAP states that a representative of Liberian civil society should sit on the Economic Governance Steering Committee (EGSC) to help oversee programme direction. This representative would be selected by unanimous accord of the other members of the EGSC and other representatives of Liberian civil society - including the Inter-Religious council, one internationally-recognised humanitarian organisation and one internationally-recognised human rights organisation - may be invited as observers¹⁹².

Members of civil society who were interviewed by Global Witness expressed their concern with this provision, noting that it may be used to ensure that the representative selected is acceptable to the other members of the EGSC. Representatives of donor countries and international institutions assured Global Witness of their commitment to involve civil society actively in the GEMAP process, despite the fact that the NTGL was not supportive of this.¹⁹³

On 19 October 2005 around 60 Liberian civil society groups attended a meeting at the US Information Center to discuss representation by civil society in the implementation of GEMAP. There were different views as to whether the most appropriate role for civil society was within the EGSC or as a watchdog from the outside. Another meeting was held on 1 November 2005 to discuss this further and decide upon a procedure to select the Liberian civil society representative. The EGSC agreed in principle to the selection criteria provided by Liberian civil society but wanted them to be endorsed by the wider group of civil society members.¹⁹⁴ Global Witness welcomes the attempts by the EGSC to ensure that an appropriate representative is selected by members of the Liberian civil society. No attempt should be made to influence or determine who is selected. Pending the decision about the procedure for selection of the civil society representative, the EGSC continued to meet without them.

Some members of Liberian civil society expressed the fear that a single representative in the Committee also runs the danger of being co-opted or simply overloaded.¹⁹⁵ Furthermore it is unlikely that one civil society representative would have the expertise and knowledge to speak on behalf of all Liberian civil society. Given the huge numbers of experts which donors draw on to make decisions, it seems not only unbalanced but ineffective that only one person be allowed to represent the whole of civil society. In other countries where civil society is been given a similar oversight role (for example in the Chad-Cameroon Pipeline Project), the single representative was overwhelmed. They were not paid so were forced to continue with their normal job, thus undermining their effectiveness.

The civil society representative must be given the same voting rights and power as other members of the EGSC and not delegated to a secondary member position. The representative should not be prevented from informing other members of civil society about issues which they feel are important and should be in the public domain.

More generally, capacity building of civil society must be prioritised by the international community if they are committed to long term reform of Liberia's defunct institutions

and the revival of a dynamic society with independent, critical voices. References are made to capacity building in GEMAP but should be accorded a higher prioritised.

C - Revisiting Concession Agreements and Improving Transparency?

Global Witness is concerned that GEMAP limits the review of concession agreements to those granted under the NTGL. Although the principal focus of GEMAP was on corruption and mismanagement by the NTGL, the review must be expanded to all key business concessions granted by the NTGL and Charles Taylor. Two principal donors to GEMAP told Global Witness that the exclusion of these concessions was a compromise made to the NTGL¹⁹⁶.

GEMAP refers to bringing in “international experts” with binding co-signatory authority to improve budgeting and expenditure management. These experts will be recruited through international procurement processes and Liberian persons or firms would be encouraged to compete. Global Witness welcomes the inclusion of Liberians but recommends that procedures be in place not only to thoroughly assess the professional qualifications and experience of candidates but also to investigate any political and economic vested interests.

Donors have yet to outline how they will ensure transparency within GEMAP. It is unclear whether reports on GEMAP’s implementation will be made public and whether information such as budgeting and transaction summaries will be officially published. Global Witness strongly supports very broad transparency for the programme; all material transactions with the state should be disclosed in the public interest. Disclosure of such payments would empower the citizens of Liberia and the international community to hold parties to account and would be a step towards reducing corruption and the possibility of “off-the-books” accounting. Companies should also be required to publish what they pay to the government as a double check against diversion of revenues before they are received by the state. Transparency of revenue flows and contracts is a critical first step towards the responsible management of Liberia’s natural resources and towards their potential contribution to poverty reduction.

As one representative of a donor government said, “GEMAP is a potentially powerful tool to bring about much needed reform of the government, aiming at establishing accountability, good governance and transparency.”¹⁹⁷ However, it is critical that this is translated into a proper legal framework by the new government. Concern for transparency is underlined by previous experience when the results of the EC-financed audits and the ECOWAS audit were not made public. This is of particular importance as it was the damning results of these audits which led to the conception of the GEMAP process in the first place.

Extractive Industries Transparency Initiative (EITI)

The international community and government agreed to the implementation of the EITI as part of GEMAP. The EITI is a response to the growing international concern that lack of transparency in the flow of revenues from oil and mining companies to developing countries can hide gross corruption and waste of these revenues, contributing to political instability and even violent upheaval.

The EITI was announced by the British Prime Minister, Tony Blair, in September 2002 and launched in June 2003. It brings together extractive companies and their investors, producer governments, the international financial institutions and civil society groups, including Global Witness. The EITI has a set of principles and minimum criteria which have to be adopted by all countries that implement it.

The aim of EITI is to put information about revenue flows into the public domain, so that citizens can oversee and monitor these revenues. The minimum criteria, briefly summarised, are that revenue flows from extractive companies to the government in each EITI implementing country must be publicly declared, independently audited and verified and opened to public discussion, with international institutions providing technical help and training where necessary. Civil society groups, acting as the proxies of the wider society in each country, take an active part in designing the mechanism for publishing and verifying revenues. The crucial feature of EITI is that companies disclose their payments, and governments disclose their receipts, enabling citizens to cross-check the accuracy of each set of figures.

After a slow and shaky start, EITI has now been endorsed by more than 15 producer governments and many of the world's leading multinational oil and mining companies, as well as the World Bank, IMF and governments such as the United States, Britain, Norway and France. A high-level debate is now going on within the EITI about how to validate and compare the efforts of different countries and companies.

GEMAP states that Liberia will join the EITI. When this happens, the top priorities will be to ensure that civil society groups are broadly and actively represented within the EITI process, that donors help to train government officials and civil society activists in the managing and monitoring of revenue flows, and that citizens are free to discuss resource revenue issues and question the government and extractive companies where necessary. Even before EITI is formally launched, it is vital that full public disclosure of revenues and payments is written into relevant national laws and into all company contracts.

It is envisaged that in Liberia, EITI will be extended to timber revenues as well as the mining and oil sectors. This is an extension of the normal remit of EITI, which typically only covers mineral extraction. It would be beneficial for EITI to include forestry in Liberia, because of the importance of timber revenues to the state and its past role in the conflict. However, EITI should be coupled with a forest management regime which protects the economic and ecological value of Liberia's forest estate, rather than tacked onto a policy of unrestrained industrial logging which ends up destroying the resource itself.

Transparency of resource revenue flows is not a substitute for a publicly accountable, well-run and depoliticised system of public revenue management in Liberia, but an essential component of it. Transparency should also reduce the risk that Liberia's natural resources will once again be a source of violent conflict.

Use of Natural Resources for Development

The concept of increasing revenue generation through industrial extraction of natural resources, improved taxation systems and measures to secure collection of revenues is one of the main requirements of the World Bank's Poverty Reduction Strategy Papers. The results of this strategy remain, however, disputable. It is highly questionable whether revenue generation has in fact increased. Furthermore, it is questionable as to whether this has been utilised for poverty reduction programmes and for the benefit of the country's population, through investments and increased spending in the education and professional training, health sectors, economic development programmes, in particular in the informal sector, and rural development projects.

There is a need for timber to be used for post conflict reconstruction in Liberia. It is imperative that the Liberian Government provides the legal and regulatory framework to meet this demand in order to stop or prevent related illegal activities.

Measures must be put into place to ensure that natural resources which are used for rehabilitation projects and in subsequent development contexts are legal and sustainably harvested. Meaningful strategies to reduce poverty and improve livelihoods, which are on the agenda of all bilateral and multilateral assistance programmes of the international community, must first address the use of natural resources, whether directly extracted by communities or the central government, or by private economic enterprises.

The admission by LFI that there would not be any discussion about the concession system cast doubts on whether it will be able to effect meaningful change to the forestry system. Examples in various countries, not least in Liberia itself, have shown that the benefits from private timber companies' use of local forests are not reaching the countries' populations, either as direct benefits in socio-economic development terms or in the form of development efforts by the governments. Therefore, before embarking on industrial logging concessions, the Land Use Planning Unit should study other forest use models like the 'Partnership Forestry' model suggested by the Cambodian Joint Coordinating Committee in its Independent Forest Sector Review from April 2004¹⁹⁸, in order to achieve its objective to make available "all Liberian revenues (...) for the benefit of all Liberian people".

Conclusions

The election of Ellen Johnson-Sirleaf as Liberia's new President in November 2005 marks a potentially new era of stability for Liberia. Yet Liberia faces enormous challenges which will call for long-term international commitment and investment. The population is confronted by 85% unemployment, and the majority live in desperate poverty. The government is unable to provide the most basic services.

The failure of UNMIL to reintegrate ex-combatants adequately or to break the chain of command of the former warring factions has created disgruntled fighters who are vulnerable to recruitment for conflict in Côte d'Ivoire and thus poses an immediate security risk for Liberia and the sub-region. Furthermore, the failure of UNMIL, FDA and NTGL to regulate and control Liberia's rich natural resources and border regions undermines the internal security and allows the export of diamonds in violation of sanctions. Failure to restructure and adequately equip the FDA has resulted in its incapacity or unwillingness to control the timber producing areas.

The failure to consider alternatives to the concession system and industrial logging has resulted in the loss of a historic opportunity to identify a forest management system which would use forest resources for the benefit of Liberia's people - a significant peace dividend in itself. It is very likely that the continuation of industrial logging of three-quarters of Liberia's forests will not only deplete the natural wealth and

biodiversity of the country within a short period but also provoke social tension and unrest, as a consequence of the exclusion of the population and disregard of its development needs. Furthermore as experience has shown it is unlikely that it will be successful in generating significant revenues for the government or alleviate poverty.

Charles Taylor's continued meddling in the political affairs of Liberia is a blunt violation of the terms of his exile in Nigeria. Lasting stability in West Africa cannot be secured until Taylor is brought to justice.

Transparency and disclosure requirements need to be written into national law and the EITI fully implemented. Legislation to embark on the Kimberley Process is counteracted by the complete lack of control of increased diamond mining and violation of the UN sanctions.

The criteria to lift sanctions are not yet met. Sanctions should remain until they are, and until adequate reforms are in place. Rushing to lift sanctions will only undermine the fragile security achieved through the presence of external forces and jeopardise the reform process started by the Liberian authorities with the assistance of the international community.

Annex One: Forest Concession Review – Phase III, Report of the Concession Review Committee, May 31, 2005

EXECUTIVE SUMMARY

CONCLUSIONS: To fulfil its mandate to review the status of existing forest concessions, the Forest Concession Review Committee conducted an extensive and transparent data collection, review, and verification process that included opportunity for public comment and a financial accounting. Based on the legally principled and technically grounded methodology and decision criteria it developed, the Committee found in its case-by-case review that no concession holder demonstrated legal compliance. Therefore, the Committee recommends that each and every existing forest concession be cancelled. The concession review also revealed widespread non-compliance and pervasive mismanagement in the forest sector, as exemplified by the over 64 million dollars in tax arrears accumulated by concession holders and the fact that the combined land area allocated for forest concessions over the last twenty-five years was two and a half times the forested surface area of the entire country. Consequently, the Committee has made a series of broader reform recommendations, including appointment of a monitoring committee to oversee their development and implementation.

I. GOAL AND OBJECTIVES - The fundamental goal of the Forest Concession Review – Phase III (“Concession Review”) was to vindicate and reconstitute the rule of law in the critical forest sector of Liberia. Its objectives were to review whether existing forest concessions (“Concessions”) should be cleared or cancelled based on their compliance with the law and to make recommendations for forest sector management reforms derived from the data generated and the experience gained in the course of the concession review.

IV. RESULTS AND FINDINGS - Despite the multiple opportunities provided to each concession holder to muster supporting data and make its case, no individual concession holder was able to demonstrate a sufficient level of legal compliance to warrant having its concession cleared. The Committee thus has no alternative but to recommend that the government cancel each and every existing concession.

V. RECOMMENDATIONS FOR INITIAL IMPLEMENTATION AND REFORM

A. *The Imperative Need For Reform: Findings*

1. (...) the Committee found extensive material evidence of non-compliance in the forest sector with regard to: fiscal obligations, including without limitation repeated evasion of taxes; legal status and bona fides; fraudulent transactions; misrepresentation; human rights violations; abuse of the rights of local communities; militarization of the timber sector through the recruitment of private militia and government security personnel; and outright violations of contract procurement and implementation procedures.
2. (...) the Committee found massive and repeated fiscal, administrative, and regulatory mismanagement in the forest sector by FDA and other agencies of government. The Committee further found that accountability and transparency in concession allocation and forest management were almost totally lacking. (...)
3. The financial accounting review identified gross deficiencies in tax collection and assessment. (...)
4. Civil society and local populations have been excluded and even abused by the same forestry system that was originally designed to benefit the development of their communities and provide a sustainable supply of natural resources. (...)

5. Given the massive non-compliance and pervasive mismanagement found by the Committee during the course of its review, it is unacceptable and inappropriate that concession granting and allocations resume as “business as usual” without instituting the basic structural, legal, and administrative reforms necessary to ensure that such non-compliance and mismanagement does not re-occur.
6. Liberia must take the unique opportunity provided by the concession review to redefine and restructure forest sector policy and management to address the needs of the country and its citizens. The FDA’s policy guidelines under the forestry laws need to be strengthened and augmented to provide the framework for a forest management program that incorporates and enacts the “Three C’s” of Community, Conservation, and Commercial forestry to achieve multiple sustainable uses of diverse forest resources.

B. The Imperative For Reform

Based on its deliberations and review, the Forest Concession Review Committee recommends that the NTGL/National Government of Liberia:

1. Act immediately to cancel all existing forest concessions.
2. Suspend the grant and allocation of future concessions until the measures for forest management reform (...) are implemented and the necessary legislation enacted and regulations passed (...).
3. Establish a committee led by the FDA with the participation and assistance of the Liberia Forest Initiative, composed of Liberian and international representatives including civil society, to monitor forest management reform.
4. Charge the reform monitoring committee with overseeing the development and implementation of the measures prescribed as a condition precedent to the resumption of concession grants and allocations per Point #2, above. (...) The measures shall consist of completion of all of the following actions by the FDA and other appropriate agencies:
 - a. Identify appropriate land areas for establishing a concession system using land use planning methods; and
 - b. Establish an appropriate chain of custody system that tracks logging operations from the point of enumeration to export; and
 - c. Work with the international community to define an appropriate tax system (based on percentages of international timber prices) and equitable sharing of the benefits with local communities and institute that system; and
 - d. Revise the concession contract to reflect legal requirements and mandated procedures, (...); and
 - e. Develop and implement a transparent forest concession allocation system based on bidding, on community consultation and prior informed consent, and on a comprehensive debarment and suspension system that would include a debarment list of those who aided and abetted civil disturbances and a suspension list of those who defaulted on their financial obligations; and
 - f. Establish procedures for investigating, crafting appropriate remedies, and taking legal action for financial and tax fraud, human rights abuses, economic sabotage, and violations of labor and other laws attendant upon misuse and mismanagement of the forest resources of Liberia; and
 - g. Elaborate an Environmental Impact Assessment and sustainable forest management planning process and implement them for future concession allocations; and
 - h. Evaluate possible options and criteria for the FDA’s entering into a management contract; and
 - i. Take measures to institutionalize the participation of communities and civil society in forest management in a transparent manner, including without limitation access to information, mandated public participation, and the right to bring citizens’ suits against both public and private parties to redress violations of law; and

- j. Conduct a comprehensive review of the forestry laws and regulations to identify on a priority basis what strengthening amendments and additions are needed to implement forest management reforms.
- 5. Propose legislation and pass regulations based on the review conducted under Point #4. j., above.
- 6. Issue an Executive Order(s) forthwith that adopts and executes these recommendations of the Forest Concession Review Committee in their entirety. The Forest Concession Review Committee further recommends that the National Legislature of Liberia
- 7. Endorse and affirm the contents and requirements of the Executive Order(s) issued under Point #6, above. 8. Enact legislation based on the review conducted under Point # 4. j., above.

Annex Two: Extracts from GEMAP

GOVERNANCE AND ECONOMIC MANAGEMENT ASSISTANCE PROGRAMME

The National Transitional Government of Liberia (NTGL) and its international partners, including the United Nations (UN), the European Union (EU), the Economic Community of West African States (ECOWAS), the African Union (AU) the United States (US), the International Monetary Fund (IMF) and the World Bank (WB), share serious concerns regarding Liberia's economic governance.

(...) After more than eighteen months of intensive technical and policy advice and non budgetary financial support aimed at strengthening capacity, and following a strong initial start to address these areas, there is still widespread weak fiscal management, which has hampered efforts to check systemic corruption. (...)

To ensure that all Liberian revenues will be available for the benefit of all Liberian people, to ensure that the Liberian Government will have the appropriate fiscal instruments to capture the revenue required for the development of the country, and to strengthen Liberian institutions so that they can take responsibility for reversing decades of deficiencies in economic and financial management, the NTGL and its partners have concluded that immediate remedial action is needed. They have therefore agreed on the Governance and Economic Management Assistance Program (GEMAP) described below.

The NTGL and its partners welcome the reports and findings of the Auditor General of Liberia on foreign travels, the results of the audits of the CBL and five SOEs financed by the European Commission (EC) that have shown serious shortfalls in the management of public finances in several key revenue earning agencies, and the unprecedented step taken by the Economic Community of West African States (ECOWAS) for deployment of investigators and economic crime experts to study the situation and report back. (...)

The GEMAP has been developed jointly between the NTGL and its partners on the basis of full respect for the sovereignty of Liberia. The NTGL and its partners recognize that the GEMAP in no manner replaces the Results-Focused Transition Framework (RFTF) as the plan for assistance in recovery and development or capacity-building as the preferred tool for assuring sustainable economic governance, but that a GEMAP focused on governance is necessary for the success of these measures and that sound economic governance is seen by the international community as a prerequisite to increased financing of the RFTF. (...)

The NTGL and its partners agree that appropriate legal action will be taken in response to the results of the EC funded audits and the ECOWAS investigations that are underway, as well as any other identified cases of corruption. Furthermore, they believe that the successful implementation of this assistance program would expedite the lifting of sanctions by the UN Security Council. (...)

Annex II, Technical Annex

3. Improving Procurement and Concession Processes and Practices:

Large amounts of Liberia's resources (natural and financial) have been lost over the decades through procurement, concession, contract and licensing practices that have not met internationally accepted standards. (...)

The situation with regard to contracts and concessions has been similar. Contracts and concession negotiation and award have been undertaken over the decades in a manner that makes it difficult to ensure and confirm competition in accordance with existing national laws and policies and with international standards or to assure their

legality and enforceability once arrangements are awarded, with weak external control and oversight. There has been widespread conflict of interest in the selection processes. (...) Concessions awarded over the decades have resulted in a high revenue loss to Liberia and the Government over the medium term. (...)

In order to strengthen concessions and contract processes, the following is agreed: (...)

3. All concessions agreements will require the approval and signature by the Minister of Finance. The RMU will undertake review of all concessions to ensure adherence and consistency with approved public procurement and concession policy before they are submitted to the Minister for his approval.

Annex III, Description and Terms of Reference for the EGSC, CMCo and RMU

1. Economic Governance Steering Committee

The Economic Governance Steering Committee (EGSC) is a high-level committee created to monitor and guide the implementation of the GEMAP. (...)

Membership:

The EGSC will be chaired by the Head of NTGL and subsequently by the Head of State of the incoming Government of Liberia. The Deputy Chair will be a representative of a development partner. Liberian members will be the Minister of Finance, Minister of Planning and Economic Affairs, the Governor of the Central Bank of Liberia, the Chairs of the Contracts and Monopolies Commission (CMC) and the Governance Reform Commission (GRC), the Minister of Justice and a representative of Liberian civil society selected by unanimous accord of the other members.^a The international community will be represented by the local offices of the UN, ECOWAS, AU, EC, Ghana, Nigeria, US, IMF and WB.

Functioning:

Joint monitoring is key to ensuring control, accountability and transparency in the functioning of the elements of the Programme (such as management contracts). The EGSC will monitor the implementation of GEMAP as well as arbitrate all potential disagreements over financial decisions made in the Central Bank, Ministries and Agencies of Government and State Owned Enterprises and make its conclusions and recommendations in a transparent and public manner.

3. Resource Management Unit

An externally funded Resource Management Unit (RMU), with expertise in financial management, procurement, change management and business process re-engineering, will be recruited and provided to the Ministry of Finance. The RMU will function under the direction of the Minister of Finance (...).

Functioning:

The RMU would, *inter alia*, be responsible for assistance in improving the expenditure management system (...), and) would also have responsibility for undertaking a review of concessions as well as for processing of all concessions before they are submitted to the Minister of Finance for approval. (...) The RMU would exercise binding co-signature authority, and be a part of the Technical Secretariat of the Cash Management Committee (replacing the role of the independent expert).

^a EGSC will agree on a civil society organization member.

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