



global witness

For immediate release
21 May 2010

Liberian President Ellen Johnson Sirleaf must get forest and mining reforms back on track

The President and the U.S. must act before window of opportunity closes

In its rush to restart its forest and mining sectors, the Liberian government is making the same mistakes that in the past have resulted in natural resource-fuelled instability, corruption and poverty, warned Global Witness today. The Liberian government is mismanaging its forests and minerals, breaking its own laws and giving contracts to companies that are not paying their taxes.

Liberian President Ellen Johnson Sirleaf is currently visiting Washington, D.C., where she will meet with high-level U.S. officials. Liberia often receives praise for its steady reform efforts. Yet, while the country and its President have made considerable progress, the rule of law in Liberia's natural resources sector is eroding, risking a tailspin of corruption and criminalization. It is crucial that U.S. policy makers – who have invested so heavily in the rebuilding of Liberia – press the President to ensure that her country's natural resources do not again fuel conflict in Liberia.

Over the past two years, the Liberian government has repeatedly broken its own laws while issuing large logging concessions. Because of this breakdown in the rule of law, these concessions, which cover almost half of Liberia's prime forests, are now held by companies, most of which are struggling to pay their taxes and do not have the resources to operate.

“The government's own due diligence (1) showed that the logging companies did not have enough money to receive concessions, but issued contracts nonetheless,” said Patrick Alley, Director of Global Witness. “The forestry sector is failing in the only two things it was meant to do: delivering jobs and revenue.”

In the failure of Liberia's logging sector there is, however, an opportunity. Increasingly large amounts of revenue are now flowing to developing countries to encourage them to preserve their forests as carbon stores to mitigate the effects of global climate change. Last year, the Norwegian and Liberian governments entered negotiations whereby Liberia would preserve its forests in exchange for assistance from the Norwegian government. Unfortunately, after Liberia issued additional large logging concessions, Norway focused its attention elsewhere. Norway has since announced similar agreements with the governments of Guyana for US\$ 250 million and Indonesia for US\$ 1 billion. However, Liberia still has a chance to shift its policy and gain from preserving its forests before companies start logging in earnest.

At the same time, Liberia's mining ministry has come under renewed criticism. The government's own General Auditing Commission reported that it identified millions in unaccountable expenditures and that mining concessions were being awarded in worryingly non-transparent ways. The Commission also found that the ministry did not have enough control over the country's diamond trade. Further, past recommendations made by the Commission have been largely ignored by the Liberian government.

President Johnson Sirleaf has stated that fighting corruption and ensuring revenue transparency are hallmarks of her administration. The U.S. and other donors have invested over six years and tens of millions of dollars to build an accountable and transparent natural resources management system. Yet, the legally flawed manner in which logging concessions have been awarded and the lack of accountability within the system suggests that corruption has permeated the sector, and that both the President's pledge and U.S. reform efforts are at risk.

“Liberia’s natural resources fuelled conflict in the country throughout its civil war,” says Alley. “President Johnson Sirleaf and her supporters in the U.S. government still have the opportunity to find a financially and environmentally beneficial use for Liberia’s natural resources, but they need to act now to get reforms back on track.”

/ Ends

Contact: Patrick Alley: +44 79 2178 8897, palley@globalwitness.org;
Corinna Gilfillan: +1 202 725 8705; cgilfillan@globalwitness.org;
Jonathan Gant: +231 770 80 651, jgant@globalwitness.org;
Natalie Ashworth: +44 20 7492 5869; nashworth@globalwitness.org.

Note

(1) Due diligence was carried out for the first large logging contracts by the Liberian government and a financial advisor. They found that none of the bidding companies had the financial or technical capacity to win a concession. For the second round of logging contracts, the Liberian government sub-contracted the due diligence process to consulting company International Procurement Agency (IPA). IPA’s report concluded that three of the four companies that were ultimately awarded concessions could not prove they had sufficient funds to win a contract.

Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses