Poverty and Social Impact Assessment and Strategy Formulation on Artisanal Diamond Mining Reform in Liberia

Diamonds for Development Programme

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<th>Description</th>
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<td>ADB</td>
<td>African Development Bank</td>
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<td>ADPA</td>
<td>Association of African Diamond Producing Countries</td>
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<td>AMA</td>
<td>American Mining Association</td>
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<td>ARM</td>
<td>Association for Responsible Mining</td>
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<td>ASM</td>
<td>Artisanal Small Scale Mining</td>
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<td>CASM</td>
<td>Communities and Small Scale Mining</td>
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<tr>
<td>CCF</td>
<td>Christian Children Fund</td>
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<td>CDC</td>
<td>County Development Committee</td>
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<td>CDF</td>
<td>Community Development Fund</td>
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<td>CFSN</td>
<td>Crop and Food Security Assessment for Liberia</td>
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<td>CO</td>
<td>Community Organising</td>
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<td>CRC</td>
<td>Convention on the Rights of the Child</td>
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<td>DCI</td>
<td>Diamond Councillor International</td>
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<td>DDC</td>
<td>District Development Committee</td>
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<tr>
<td>DjID</td>
<td>Department for International Development</td>
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<td>D4D</td>
<td>Diamonds for Development Programme</td>
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<tr>
<td>ECOMWAS</td>
<td>Economic Community of West African States</td>
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<td>EIA</td>
<td>Environmental Impact Assessment</td>
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<td>EPA</td>
<td>Environmental Protection Agency</td>
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<td>FDA</td>
<td>Forest Development Authority</td>
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<td>FIAC</td>
<td>Foreign Investment Assistance Centre</td>
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<td>GDA</td>
<td>Global Development Alliance</td>
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<td>GDO</td>
<td>Government Diamond Office</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GODIMWUL</td>
<td>Gold and Diamond Miners and Workers Union of Liberia</td>
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<td>GPS</td>
<td>Global Positioning System</td>
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<td>HH</td>
<td>Household Heads</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>IMMTTC</td>
<td>Inter-Ministerial Technical Committee</td>
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<td>IRR</td>
<td>Preparation of Implementing Rules and Regulations</td>
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<td>KPCS</td>
<td>Kimberley Process Certification Scheme</td>
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<td>LD</td>
<td>Liberian Dollars</td>
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<td>LEAP</td>
<td>Liberia Employment Action Plan</td>
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<td>LEITI</td>
<td>Liberia Extractive Industries Transparency Initiative</td>
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<tr>
<td>LIBAMM/IBI</td>
<td>Liberia Improved Budget, Assets, and Mining Management International Business Initiative</td>
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<tr>
<td>LHDIEDI</td>
<td>Liberian History, Education and Development, Inc.</td>
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<tr>
<td>LURD</td>
<td>Liberians United for Reconciliation and Democracy</td>
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<td>MDA</td>
<td>Mineral Development Agreement</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<td>MLME</td>
<td>Ministry of Lands, Mines and Energy</td>
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<td>MODEL</td>
<td>Movement for Democracy in Liberia</td>
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<td>MOU</td>
<td>Memoranda of Understanding</td>
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<td>MRU</td>
<td>Mano River Union</td>
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<td>NGO</td>
<td>Non Government Organisation</td>
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<td>NIMAC</td>
<td>National Information Center, UNDP</td>
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<td>PAC</td>
<td>Partnership Africa Canada</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>PSIA</td>
<td>Poverty and Social Impact Assessment</td>
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<td>RO</td>
<td>Regional Office</td>
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<td>RUF</td>
<td>Revolutionary United Front</td>
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<td>TNA</td>
<td>Training Needs Assessment</td>
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<td>UL</td>
<td>University of Liberia</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNDP CBRP</td>
<td>UNDP Community-Based Recovery Programme</td>
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<tr>
<td>UNDP DDRR</td>
<td>UNDP Disarmament, Demobilisation, Re-integration and Rehabilitation Programme</td>
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<tr>
<td>UN FAO</td>
<td>UN Food and Agriculture Organisation</td>
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<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organisation</td>
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<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
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<tr>
<td>USAID’s LIBAMM/IBI</td>
<td>Liberia Improved Budget, Assets, and Mining Management International Business Initiative</td>
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## List of Annexes

1. Attendance in Consultations
2. Sample Action Plan, Diamonds for Development Programme
Diamond export sanctions were imposed on the government of Liberia by the United Nations from March 2001 to June 2007. These prohibited the mining, transit and export of diamonds from Liberia until it became part of the Kimberley Process Certification Scheme (KPCS), an international system to authenticate the source of diamonds from conflict-free zones.

Liberia started trading diamonds as of August 2007. Building on the Kimberley compliance, the UNDP supports the government of Liberia through the Diamonds for Development Programme, a multi-sectoral initiative, to help make diamonds contribute to poverty reduction and to the country’s post-war reconstruction and development. Under this programme, the Poverty and Social Impact Assessment was commissioned in aid of policy reform and planning of initiatives to improve industry benefits to workers and mining communities.

Key tasks were to:

- Assess the impact of artisanal mining on poverty reduction.
- Understand legal and socio-political barriers for artisanal diamond mining as a force for poverty reduction and development.
- Identify policy gaps.
- Assess early implementation of KPCS.

Participatory methodologies and an integrated development and natural resource management framework were used in the assessment. Field consultations were conducted in at least 13 sites that represented specific contexts for artisanal diamond mining. Other stakeholders that were reached included local governments and traditional leaders, other government agencies, donor agencies, civil society, the academic community, donor programmes, NGOs, landowners and industry representatives such as union leaders, miners, diggers including women and children, brokers and a corporate mine.

Some variables that were looked into were poverty indicators, vulnerable groups, conflict and land tenure concerns, benefit-sharing schemes, productivity and production processes, social acceptability, implementing structures/partners, values and perceptions on policy implementation, as well as field recommendations.

Part I of this report describes mining policy contexts and prevailing conditions of the sector in the study site. This includes key industry players, mining communities and implementing structures, and it also identifies some potential partners and available support programmes. Findings highlight factors that affect the implementation of the Kimberley Process. External factors are also identified such as plantations and other large concessions that may have an impact on artisanal mining. The study indicates that artisanal mines, while a temporary land use, carry long-term costs to communities and their sources of livelihood.

Aspirations and recommendations from the field and input from the Ministry of Lands, Mines and Energy (MLME), partner agencies and other organisations which were consulted accompany the section on policy questions and operational concerns. The section ends with an impact analysis on artisanal mining and the implementation of mining policies, and cites future scenarios with or without policy reform.

Part II summarises strategic options and examines opportunities for transformation. Based on the social assessment, consultations and international models, an action plan and possible responses to identified concerns are presented for further discussion.

This includes inputs to address barriers to KPCS participation and the need for improved access to credit, technology, information, prices and markets, as well as the development of mining cooperatives. It identifies critical areas to be treated in updating the Mining Code and drafting its implementing guidelines and the rules and regulations for small-scale and artisanal mining, along with areas for coordination within the Mano River Union (MRU).

The study notes the importance of a mineral development strategy, as well as inter-agency coordination for an integrated resource management plan to deal with competing land uses, prepare for entry of large-scale mining and develop more sustainable alternatives to artisanal diamond mining.

Limited resources can be leveraged through donor coordination and increased cooperation among local government and mining and law enforcement agencies. Mining unions and cooperatives shall be strengthened as a framework for transparency and good governance in the sub-sector.

In addition, increased local government roles and the recognition of tribal land rights would give local government and tribes a stake in resource management. A package of incentives for mining reform can also be prepared in partnership with other diamond and local development initiatives, with civil society, the United Nations Mission in Liberia (UNMIL) and other agencies.

Mining community development shall be advanced through facilitation of community planning. Plans are supported by the establishment of community development funds and of mechanisms and procedures for tribes and communities to deal with mining concerns and develop alternatives. Support to miners and mining communities can be targeted in existing programmes that implement the Poverty Reduction Strategy Paper, including county and sectoral plans such as the Liberia Employment Action Plan (LEAP) and in coordination with other development organisations. Support for plan implementation shall be designed to reinforce changes in benefit-sharing arrangements, encourage self-regulation by mining cooperatives, strengthen tribal and community roles in resource management, and develop sustainable alternatives to artisanal diamond mining.

Thus, improved practices in artisanal mining can be realised through the promotion of sustainable mining and multi-sectoral cooperation by MLME. The Diamonds for Development Programme, in coordination with other diamond initiatives, can mobilise resources, support capacity building for reform and institutionalise stakeholder and inter-agency roles for sustainable mining.
Liberia recently emerged from a protracted civil war which had been supported by revenues from artisanal diamond and extractive industries. Along with the recently lifted United Nations sanctions, the government of Liberia also became a member of the Kimberly Process Certification Scheme (KPCS). In the light of these developments, government wishes to move towards a new mineral policy that will improve the conditions of diamond mining communities and small artisanal miners. This becomes more important as mining activity resumes after more than five years of sanctions and as the Mano River Union (MRU) sub-region composed of Sierra Leone, Guinea, Ivory Coast and Liberia gear up for harmonisation of fiscal regimes relative to the diamond trade.

UNDP has launched Diamonds for Development for Sustainable Mining to support much needed change in the industry. Due to the strategic significance of diamond mining in the country and the sub-region, the Diamonds for Development Programme is embedded in the UN’s reconstruction support to Liberia.

To aid proposed legal and social restructuring, a Poverty and Social Impact Assessment (PSIA) was commissioned for a better understanding of artisanal mine-community dynamics and operators’ needs, in order to help design and implement appropriate industry support schemes and interventions.

Findings will then be discussed for further planning and consultation with stakeholders to ensure complementation and cooperation, as well as consensus building on community initiatives and proposed policy changes that are consistent with sustainable development and improved governance.

1.1 Objectives

The objective of the PSIA is to assess the impact of existing legal, managerial and investment arrangements on the lives and livelihoods of the individual miners and mining communities, and to get feedback and recommendations on provisions and implementation of the revised Mining Code and the KPCS.

The main tasks, as indicated in the project’s terms of reference, are:

- Review and analyse the existing mining laws and any related legislation and mineral policies on the diamond mining sub-sector.
- Assess their impact on the lives and livelihoods of all citizens directly or indirectly involved in the mining activities.
1.2 Methodology

Key documents and secondary data were gathered and reviewed. Scoping and stakeholder identification were conducted through perusal of secondary data including earlier studies by civil society and discussions with the UNDP Strategy and Policy Unit/Poverty Reduction, Ministry of Lands, Mines and Energy (MLME), Government Diamond Office, International Alert and United Nations Mission in Liberia (UNMIL). Scoping was done to prioritise issues and sites to be visited.

Among those identified were artisanal mining actors, organisations and host communities, civil society, local government and traditional leaders, other programmes and agencies, small-scale mining groups, large-scale mining companies and downstream communities. In addition are field staff and law enforcement agencies. Special groups included women and children workers, landowners and customary land owners, diamond organisations (Gold and Diamond Workers Union of Liberia, Federation of Miners Association of Liberia, Diamond Brokers Association of Liberia), the traders, NGOs, environmental and diamond lobby groups including the Partnership Africa Canada and Association of Environmental Lawyers of Liberia (Green Advocates), other agencies that inter-phase with the MLME on environment and other land uses (the Forestry Ministry and the Environmental Protection Agency), law enforcement and immigration authorities, academics at the University of Liberia, representatives of diamond traders and processors, including expatriate Liberian organisations (refer to Annex 1 for full list of stakeholders consulted).

Field consultations were conducted by a team composed of the consultants, regional coordinators of the Department of Lands, Mines and Energy, as well as two members from the Government Diamond Office in Monrovia and field representatives for the selected sites. The last leg of fieldwork to Sapo and the Gboe Forest had representation from UNMIL and the Gold and Diamond Miners and Workers Union.

Within the limited study period, the process undertaken tried to enhance inclusion and provide an opportunity for as many of those concerned to be part of the early process of consultations for mining policy review and D4D planning.

1.3 Sites selected

Some 13 sites were selected based on criteria such as river systems, scale of operations, accessibility and specific issues represented such as diamond rush areas, sites within large-scale mining, and sites within agricultural or forestry concessions or forest reserves. In addition, Kakata, a favoured site for returning ex-combatants, was the first area to be visited to pretest survey instruments.
1.5 Framework for analysis

In order to identify the likely socio-economic development outcomes of the Mining Code and the Kimberley Process, and as a framework to drawing up concrete measures for local social development under the Diamonds for Development Programme, the study was sensitive to the following elements:

- **Benefit flow** – To identify beneficiaries, the disadvantaged and keystoneholder groups, and to determine how relationships between stakeholder groups will affect or be affected by the reform.

- **Technology** – To improve efficiency, productivity and decrease the negative impact on the environment through improved knowledge, tools and skills.

- **Institutional mechanisms** – enabling processes and institutional arrangements through policy reform, legal instruments and poverty reduction initiatives.

- **Process** – To promote inclusion, participation and transparency.

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### Table 1 Site selection

<table>
<thead>
<tr>
<th>System</th>
<th>Location</th>
<th>Particularities</th>
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<tbody>
<tr>
<td>Lofa River and Yambaseh River</td>
<td>Lofa Bridge, Grand Cape Mount County</td>
<td>Commencement/testing of Class B mining, Jungle James, confluence of two rivers, deviation from alluvial to forest mining</td>
</tr>
<tr>
<td>Mano River</td>
<td>Smith Camp, Weasua, Kungbor, Gbarpolu County</td>
<td>Large-scale mining with foreign workers and miners, forested/hunting grounds</td>
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<tr>
<td>Nimba Creeks (feeding into St. John River)</td>
<td>Bahn, Zayeglay, Sanequille, Gbanga, Gbarpa Gborbayea, Nimba County</td>
<td>Deforested, over-mined during Taylor regime</td>
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<tr>
<td>Po River</td>
<td>Tubmanburgh</td>
<td>Former large-scale mine</td>
</tr>
<tr>
<td>Cestos River, Krahn-Bassa Forest</td>
<td>Gboe Forest, Gbazon District, Grand Gadiel</td>
<td>Forest mining, emergence of potential for conflicting land uses, mining, forestry, plantation/agriculture, subsistence farming, conservation, etc.</td>
</tr>
<tr>
<td>Sinoe River, Stomen Creek</td>
<td>Gorbowisogo, Grand Gadiel, Pynestown, Sinoe County</td>
<td>Forest mining by company and deforestation by pit-sawing</td>
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### 1.4 Time frame

Policy review, field consultations, analysis and writing were done between 7 November 2007 and March 2008.

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### Sites visited map

![Sites visited map](image-url)
Small-scale mining is recognised as a significant economic sector employing between eight and ten million people worldwide. Everywhere the challenge is how to make it more productive, less polluting and more socially beneficial. In West Africa, its potential for conflict has attracted global concern and support for reform.

Several programmes are in place to aid the reform process. These include global programmes involving non-government organisations such as Global Witness and multilateral organisations like USAID and World Bank. New laws have also just been passed or are about to be crafted that will influence sector reforms. Furthermore, regional networks such as the MRU and the Association of African Diamond Producing Countries exist as frameworks for collaboration, coordination and harmonisation of policies. Civil society organisations already have related campaigns on artisanal mining on the ground. These represent resources for mining reform.

### 2.1 Liberia's mining policy and the Kimberley Process Certification Scheme

Mining is governed by the New Minerals and Mining Law, Part 1, Title 23, as revised in 2000 and further amended in 2004 with the addition of Chapter 40. Entitled, “Providing for Controls on the Export, Import and Transit of Rough Diamonds,” Chapter 40 prescribes procedures for the Kimberley Process Certification Scheme (KPCS).

The KPCS was launched in 2003 as a legally binding global certification system for rough diamonds. It now involves 75 countries and controls the global movement of rough diamonds from mine to market. Participants are governments as well as the private sector and civil society.

The KPCS has helped to consolidate the peace in some African countries. But it is understood that this is a regulatory system and not a tool for development, thus, there is the need for a comprehensive strategy to address the issues around turning diamonds into resources for development.

The implementation of the Kimberley Process in neighbouring countries such as Sierra Leone is credited with an increase in revenues from the sector, as well as many community projects and industry alliances that can serve as lessons for Liberia.

### 2.2 Liberia’s Millennium Development Goals2 and the Diamonds for Development Programme 2

Emerging from years of civil war, Liberia is number 25 in the list of the world's least developed countries. The democratically elected government inherited massive international debts and UNDP has identified artisanal diamond mining as a strategic area for support in achieving Liberia’s Millennium Development Goals (MDGs).

The MDGs were adopted by world leaders at a summit in New York in September 2000 as specific, measurable and time-bound targets for poverty reduction. Human Development Indices are: poverty and hunger, primary education, gender equity, child mortality, maternal health, disease control, environmental sustainability and global partnership.

With this, a Poverty Reduction Strategy Paper (PRSP) was prepared. It highlights priority areas in consultation with stakeholders, to frame the strategies to achieve the MDG's sustainable, equitable and shared growth and development goals for 2008 to 2011.

The Diamonds for Development Programme towards Sustainable Mining was launched in June 2006. It is a joint initiative of the government of Liberia, UNDP and International Alert. It is intended as a multi-stakeholder undertaking to promote proper use of natural resources in Liberia’s recovery and long-term development.

The initiative began with a study on the diamond industry in West Africa with detailed analysis of the sub-region of Cote d’Ivoire, Guinea, Liberia and Sierra Leone. Based on the study and a conference, D4D has adopted a combination of local, national and sub-regional strategies. At the local level, the programme aims to increase the amount of revenues received by diamond producing communities. At the policy level, both nationally and internationally, the programme will support the development of new strategies and of legal and technical tools for the sustainable management of mineral revenues including cross-border cooperation and harmonisation of diamond fiscal policies.

### 2.3 Other support programmes and organisations for sector reform of artisanal diamond mining

In addition to the UNDP, several organisations have programmes to support reforms in artisanal diamond mining in Liberia.

#### 2.3.1 Diamonds for Development Initiative4

A broad network of NGOs, governments, labour, academics and the mining industry set up the Diamonds for Development Initiative (DDI) at a meeting in Accra in October 2005. Its aim is to gather all interested parties into a process that will address the political, social and economic challenges facing the artisanal diamond mining sector.

Key players during the DDI start-up phase were Partnership Africa Canada, the Foundation for Environmental Sustainability and Security, Global Witness, DeBeers, the Rapaport Group, the International Diamond Manufacturer’s Association and the Communities and Small Scale Mining (CASM) Secretariat of the World Bank. Global Witness is an investigative non-governmental organisation that focuses on the links between natural resource exploitation and conflict.

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1 Unless otherwise indicated, all maps and charts in this report were prepared by NIMAC-UNDP.


3 Diamonds for Development Programme towards Sustainable Mining, UNDP, et al., 2007.
and conflict; in part because of its work on conflict and natural resources in Liberia, it was co-nominated for the 2003 Nobel Peace Prize.

Some of the above organisations have ongoing activities in the country. Partnership Africa Canada, the Global Witness and environmental groups in the country are following through on their earlier campaign that successfully exposed Liberia’s ‘blood diamonds’ and timber.

CASM is another network operating to help address the impact of artisanal and small-scale mining and improve the lives of miners and their communities. It was launched in March 2001 in response to a Compendium on Best Practices in Small-Scale Mining in Africa.

DDI’s main challenge is to encourage better work environments and better prices for diggers. This involves education for miners, access to credit and artisanal mining equipment, training in diamond valuation, and government intervention to help streamline marketing, and improve labour laws.

The DDI has a number of activities for positive change in the alluvial diamond mining sector in Liberia and Africa. These include:

- A campaign on the problem of child miners in the diamond fields.
- Creating best practice guidelines with respect to working with artisanal miners for local and international NGOs, bilateral and multilateral agencies, governments, exploration and mining firms, and international diamond buyers.
- A campaign on the problem of child miners in the diamond fields.
- Creating best practice guidelines with respect to working with artisanal miners for local and international NGOs, bilateral and multilateral agencies, governments, exploration and mining firms, and international diamond buyers.

The DDI, with Green Advocates of Liberia, is also piloting environmental remediation efforts to restore agricultural land despoiled by diamond digging.

2.3.2 USAID

The US government, through various facilities, has provided assistance in the establishment and operationalisation of the KPCS and in reforming artisanal diamond mining. US Ambassador, Alan Doss, is a member of the Presidential Task Force on the Kimberley Process, and the US government provided funds to jump-start the KPCS in Liberia.

In addition, USAID has the Liberia Improved Budget, Assets and Mining Management/International Business Initiative Programme. It also has other efforts under its Extractive Industries Global Development Alliance (GDA) and the USAID Office of Transition Initiatives, which among others funds reintegration of ex-combatants into their communities, supports community development programmes and helps national governments manage their strategic natural resources transparently, responsibly and equitably. Thus, there is USAID funding for the Liberia Extractive Industries Transparency Initiative (LEITI). It also commissioned at least two consulting firms to provide technical assistance as well as help draft the Mineral Policy for Liberia.

2.3.3 Global support facility for small-scale mining

Another undertaking to promote improvement of conditions in small-scale mining is the Global Support Facility for small-scale mining, though it is not within the framework of DDI. It is led by the World Bank, the United Nations and the UK Department for International Development (DFID). This has spearheaded a global drive to regularise artisanal and small-scale mining (ASM), and is a potential partner for change.

2.3.4 Regional alliances on artisanal diamond mining

The Mano River Union (MRU) is an international association established in 1973 between Liberia and Sierra Leone. In 1980, Guinea joined the union. The goal of the union was to foster economic cooperation among the countries. It is named after the Mano River which begins in the Guinea highlands and forms a border between Liberia and Sierra Leone.

Due to conflicts involving the countries, the objectives of the union could not be met. However, on May 20, 2004, the union was reactivated at a summit of the three leaders of MRU states, Presidents Lansana Conté of Guinea, Ahmad Tejan Kabbah of Sierra Leone and Chairman Gyude Bryant of Liberia. The meeting was to strengthen cooperation and mobilise the efficient operation of the union in achieving its goals especially after this long war in the region. President Johnson-Sirleaf is currently the chair of MRU.

The Association of African Diamond Producing Countries (ADPA) is another forum for regional cooperation. Organised in Luanda, Angola in November 2006, it is composed of 18 African countries of which seven are observers. It aims to promote cooperation and assistance towards the development of a sustainable diamond industry through sharing of experience, promoting legal and technical harmonisation, and developing human resources of member states. The idea is to transform the image of the industry in Africa. The association encourages dialogue with mining companies and diamond selling companies; it also supports member countries in complying with the Kimberley Process. Liberia is a member of the organisation.

2.3.5 Movement for responsible mining

World trends are worth watching including regional efforts and case studies on reforming small-scale mining. These include examples of corporate social responsibility in large-scale mining and fair trade in small-scale mining.

Elsewhere in the world, the Association for Responsible Mining (ARM) is initiating a fair trade movement for small-scale mining. ARM is an independent multi-institutional organisation that aims to bring credibility, transparency and legitimacy to the development of responsible artisanal and small-scale mining.

In nearby Sierra Leone, the Peace Diamond Alliance, formed in December 2002 by a coalition of NGOs, alluvial diamond diggers and traders from the Kono District has organised diamond diggers into cooperatives, provided capital for mining activities and education on the value of diamonds to ensure that diggers are not exploited.

With corporate mines coming onto the scene in a bigger way in the near future, regional examples of cooperation between large and small-scale mining become significant. This is the case with the Mwadui Community Diamond
Partnership in Tanzania. This is a pilot project by the government, the Williamsonons Diamond Limited, local NGOs and the De Beers Group to address poverty, technical, human rights, marketing and other practical concerns of informal alluvial diamonds miners.

The Sanimuso Holdings, an exclusive gold/diamond purchase agreement, established the Sanimuso Foundation for the Support of Artisanal Diamond Mining to help the government of Guinea develop the sector, address the HIV/AIDS problem, provide humanitarian and development assistance to mining communities, open banking services and the like.

### 2.4 Forestry law of 2006

Article 7 of the Liberian Constitution states: “The Republic shall manage the national economy and the natural resources of Liberia.” This is done through agencies like the Ministry of Lands and Mines and the Forestry Development Authority. Such a mandate has not always led to sustainable management of resources as in the ‘Fendell Land Case’ of the late 1970s and the illicit mining and logging activities during the civil war.

The Forestry Development Authority responded to the need for change and went through a consultative process of reform. By October 2006, congress had passed the National Forestry Reform Law. The new law features Section 10 on Community Rights and Forestry Management, which was drafted by the Green Advocates. It involves local communities in sustainable management of Liberia’s forests.

Implementing regulations, which will be drawn up within a year, will specify rights and responsibilities of communities with respect to ownership and use of resources, establish mechanisms for informed participation on forest-related decisions, and create a framework that allows community access to resources. The law also features revenue-sharing arrangements for local government, communities and national government.

Stakeholders look forward to similarly progressive provisions and a consultative process in drafting mining sector reforms.

### 2.5 Land reform

A study published by Partnership Africa Canada (PAC) and the Association of Environmental Lawyers cites that the Ministry of Lands, Mines and Energy accepts hundreds of land cases each day; 90% of cases that clog civil courts are land disputes.

Land is classified as private, public, or as tribal/customary/ancestral land. Private land ownership is authenticated by a valid title; such ownership is not common in rural areas.

Public land ownership is vested in the state and covers areas for public utilities, forests, land earmarked for industrial projects and all unoccupied land.

Customary land, except for purposes of mining, is common property that is allocated by chiefs. While customary land ownership is recognised under international law in consonance with the right to self-determination enshrined in the Universal Declaration of Human Rights, it does not yet have legal recognition and protection in Liberia.

Peaceful co-existence of customary land rights and written land laws is undergoing change due to population growth, plantation economy, war-uprooted people, land squatting and wide-scale exploitation that is expected with the full-scale operation of agriculture, timber and mining concessions.

The Governance Commission is laying the groundwork for land reform. A Land Reform Commission shall be created to draft a Land Reform Code, a process that is expected to be underway by mid-2008.

### 2.6 The socio-cultural, institutional, historical and political context of policy reform

The historical and institutional context may identify opportunities and potential socio-political barriers to artisanal diamond mining reform.

#### 2.6.1 Liberia’s political structure

Liberia is a unitary state with three separate branches of government: the legislature, executive and judiciary. The legislature consists of a house of senate and a house of representatives. Its members are elected from the fifteen political subdivisions called counties. The legislature makes the law. The executive branch of government, headed by the president, appoints cabinet ministers and directors of agencies to assist in administering affairs of state. The judiciary, headed by a chief justice, consists of justices of the Supreme Court and judges of lower courts, as well as magistrates and justices of the peace.

Ministries manage economic sectors. On the other hand, the Ministry of Lands, Mines and Energy does not have sole jurisdiction over approving license applications for large-scale mining. As a safeguard to the excesses of former regimes, concessions are now granted by an Inter-Ministerial Technical Committee (IMMTC) comprising the Ministry of Lands, Mines and Energy (Chair), Ministry of Finance (Co-Chair), Ministry of Justice, Ministry of Planning and Economic Affairs, Ministry of Agriculture, Forestry and Wildlife, Ministry of Commerce, Industry and Migratory Fishery, Ministry of Justice, Ministry of Agriculture, Forestry and Wildlife, Ministry of Commerce, Industry and Migratory Fishery, Ministry of Public Roads and Bridges, Ministry of Internal Affairs, Ministry of Education, Ministry of Health and Social Welfare, Ministry of Labour, Central Bank of Liberia and National Investment Commission.

#### 2.6.2 Control of natural resources in recent history

Control over natural resources is credited with the war in Liberia and neighbouring countries where warlords competed for control over the country’s natural wealth through successive waves of rebel attack.

In 1990, the National Patriotic Front, led by Charles Taylor, toppled the government of Samuel Doe. Liberia’s crisis destabilised neighbouring Sierra Leone through the Revolutionary United Front (RUF) which Taylor supported to gain access to Sierra Leone’s diamond fields. The Taylor regime also clashed repeatedly with a Guinean-backed rebel group, Liberians United for Reconciliation and Democracy (LURD) and the Movement for Democracy in Liberia (MODEL). In August 2003, Taylor fled to Nigeria.

Towards the end of the Taylor regime, some 80% of his generals and officers retreated into Nimba county where diamond mining continued. Refugees came back to the land that had been plundered by mining and war.

War leaders of various factions continue to operate diamond mines in former rebel strongholds. This is now a challenge in formalising mining claims.

#### 2.6.3 Local governance and development

Governing within the counties and provinces is coordinated by the Ministry of Internal Affairs, whose minister is appointed by the president. The administration of county affairs is headed by a superintendent, assisted by two deputies, an assistant superintendent for...
Malians, who share the Islamic religion with Mandingoes, also became involved first as brokers, and then some Malian-Mandingoes started to settle down as Liberians since Liberia had Mandingo citizens and it was difficult for immigration authorities to track down Mandingo aliens. In addition, powerful Liberian-Mandingoes brought in large numbers of Mandingoes from Guinea and Mali, a practice that continues today. According to the claims of a Kongba Mandingo miner, the locals (Golas and Vai) were not interested in diamond work making it necessary to import foreign workers.

Moreover, there is a long history behind this cross-border movement. Traditional trade routes in the region date back as far as the ancient Ghana and Mali empires of West Africa.10 These routes still exist across national borders where a single tribe or large family may be on both sides of the border.

2.6.4 Traditional institutions and local governance

There are traditional governments within the counties at every level of the provincial subdivision: the paramount chief governs the chiefdom, the clan chief governs a clan and the general town chief governs several towns. Although these are all elected posts, they fall under the Ministry of Internal Affairs in terms of coordination. Town chiefs may be elected or appointed. They handle the administrative affairs of towns or villages, and at times they also handle judicial matters.

Traditional leaders such as zoos, bodios and elders are also influential in administrative and legal decisions in a chiefdom, clan or town. They hold a high level of respect among the indigenous people. In certain instances, their word is final as though it were the law.

At the town level, there is also a body of opinion leaders called the town council. This council assists the town chief in deciding on vital social, political, administrative and economic issues that affect the town.

The Poro and Sande societies are the two traditional training schools for young men and women. The Poro teaches young men and boys to uphold the customs, traditions, values and beliefs of the land. These societies pass on acceptable qualities that are valued in society.

Although the civil war may have shattered many traditional structures and values, these are still in place, and they have a potential role to play in local development and mining reform policy discussion and implementation.

2.6.5 Ethnolinguistic affiliation

There are about 18 native tribes besides the Amero-Liberians who are descendants of freed slaves from the United States of America and the West Indies. Amero-Liberians dominate the political and social life of Liberia, although they make up only 3% of the population. They also own the most wealth. In addition, naturalised Liberians are people of African descent who fulfilled requirements for naturalisation.

Lebanese came to the country as early as the 1930s and they have built a niche in business. Some miners, diamond brokers and dealers are Lebanese. Only people of African descent can be naturalised, so citizenship of Lebanese in Liberia remains an issue.

The Mandingoes, whose clans straddle national boundaries including Mali, are known as traders and are associated with the diamond trade as miners and informal brokers. Early miners in Liberia were Mandingoes. There are reports in such places as Nimba, Grand Gedeh, Lofa and Cape Mount that Mandingoes, in the early days of mining, secretly mined on their farms at a time when most of the other tribes did not know about trading diamonds or gold.
Alluvial diamond production has been the only source of diamonds in the past. Diamond production began in Liberia in the mid 1930s, peaked at 942,000 carats per year in 1960, and dropped off to less than 100,000 carats per year in the past decade. The values reflect a wide range that is partly attributed to smuggling from neighbouring countries, mainly Sierra Leone and Guinea. While no reports were posted for the sanction years, artisanal operations continued throughout the period.

3.1 Liberia’s diamond mineral potential

A geological assessment report of 2006 by Thorma and Hoal estimates that Liberia’s diamond production by artisanal diggers could approach 200,000 carats per year and may continue to increase slowly to 500,000 carats per year.

Based on regional studies and current explorations, it is expected that one or more commercial kimberlites will be discovered in Liberia. A discovery of placer diamonds was made north of Greenville in August 2005 that resulted in a diamond rush.

If a deposit is discovered, it will take approximately five years before full-scale production is realised. Using the Koidu experience in Sierra Leone, production from a small, economic kimberlite could be more than 100,000 carat per year from a single deposit.

The study anticipates that existing and future Liberian diamond production will be from two types of operations, artisanal diggers and organised mining by public or private companies.

3.3.1 Mineral explorations

Exploration and mineral development agreements occur in existing and/or traditional artisanal mine sites. As of December 2007, Liberia had approved 54 exploration licenses covering 12,150,446 acres and nine Mineral Development Agreements (MDA) covering close to 885,000 acres.

Principal among the explorers are:

- **Mano River Resources** began active exploration in 2000, and by 2001 had discovered six kimberlite pipes. It has 16,000km² under concession in Liberia, Sierra Leone and Guinea. Concessions include Weasua, a major artisanal mining area, where five kimberlites have been confirmed as being diamondiferous. The 25-year Mineral Development Agreement by Mano River and its subsidiaries allows explorations in the Kpo Range, Bea Mountains and in Grand Cape County. It has a Joint Venture with African Aura which announced sampling that yielded kimberlite indicator minerals in such areas as the village of Israel, which had approximately 25,000 diggers in the region in the 1970s. A Joint Venture agreement between Mano River and Trans Hex (now Tsodilo Resources) has allowed explorations for kimberlites at Mano Godua, Mabong and Yambessi.

- **Diamond Fields International** is exploring for diamonds in the Nimba alluvial deposits on Ya Creek and in Grand Cape County (Ducor Gbapolu concession) adjacent to Mano River’s recent kimberlite discoveries at Bea Mountain. In Grand Cape County, Diamond Fields identified five new kimberlite pipe targets in a 1,095-km² area. As of March 2006, the company had discovered the Camp Alpha dike trend covering six hectares, the Bravo 1 and Bravo 2 kimberlite targets, and four other clusters of kimberlite mineral anomalies, most of which were identified in swamp areas.

- **ITALGEMS** was testing gravels on the Lofa River in 2006.

- **American Mining Associates (AMA)** was under investigation for illegally operating a mine in Gbarpolu County where it had earth-moving equipment and a mechanised washing plant. It was cited as having been in operation since July 2005. AMA asked the Liberian government to evict 14,000 people from the area, and the local population claimed the ministry was evicting them on the grounds they had complained about AMA’s illegal activities. An investigation panel cleared allegations but complaints continue to be filed by the mining field office in Komgbor.
Artisanal mining is found in all counties that are demarcated into mining zones and governed by a system of licenses.

4.1 Types of mining licenses

The following is a background on the system of licenses.

- **Class C**: Only Liberians are privileged by the mining law to hold Class C licenses for artisanal mining. The law also provides that a ‘person’ (i.e. firm/company/corporation) that is legally or beneficially owned and controlled entirely by individuals who are not citizens of Liberia are also not eligible to hold Class C licenses.

  Class C license costs US$150 with a survey service fee of US$150. Another US$30 is charged as miscellaneous fees. Class C license is renewable every year; it covers 25 acres of land located 500 feet on both sides of the river. A miner may hold up to four Class C mining licenses at the same time.

  Class C license holders are restricted by the Mining Code to conduct mining as a small-scale operation. They are not authorised to do any scientific exploration or mechanised mining. They are authorised to do some prospecting before their mining operations by applying for a prospecting license over an area not more than a hundred acres of land. This is under the New Mineral and Mining Law, Part 1 Title 23, LCLR, Section 5.2b. Violation is punishable by law.

  Miners do not pay any direct taxes to central or local government or any contributions to local communities.

- **Class B**: Only Liberians and those legally permitted to reside or seek employment in Liberia can apply for a Class B license. Also a company/corporation, which is at least 60% owned and controlled by Liberians in terms of shareholdings, voting power, share of distributable income, is eligible to hold a Class B license. Class B license holders are permitted to apply for a prospecting license over an area of not more than a 100 acres.

  The Mining Code requires Class B license holders to submit a production plan at the start of each calendar year.

  A Class B license costs US$5,000 and is valid for five years after which it

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15 Thorma and Hoal 2006: 40 – 41
is renewable for not more than five years each. The law authorises a Class B licence holder to conduct mining as an industrial operation.

- **Class A**: Individuals or companies of any nationality can hold a Class A mining license once they meet the requirements laid down by the Mining Code and other regulatory requirements such as compliance with a Mineral Development Agreement (MDA) and successfully completing an exploration programme.

A Class A mining license costs US$25,000 and is for a term of twenty-five years, renewable for an additional term not exceeding twenty-five years.

The Mining Code is quiet on the payment of direct taxes to local or central government. Royalty payment under the Kimberley Process is the means of taxation for diamonds produced for all levels.

### 4.2 Key mining participants and the Kimberley Process

Major participants are Class C and Class B miners who operate mining claims. Diggers or diamond boys work the mines under a profit-sharing arrangement; they do not need to be licensed. Brokers and dealers finance mining ventures and are responsible for the trading of diamonds.

Miners have an agent to oversee ongoing work and ensure that diamonds found by diggers are reported. Brokers have agents, as well, to ascertain that diamond production of miners they support is turned over. Agents do not need a license.

Brokers are based in mining towns and counties and collect diamonds for dealers who are authorised to export and operate from Monrovia. Only Liberians can be licensed as brokers at an annual fee of US$1,500.

Often, they advance the cost of food and equipment for the opportunity to buy the diamond output of miners. They receive diamonds from miners with vouchers from the regional office. According to mining authorities, brokers are not authorised to hire agents, but many brokers do have agents.

It was often the case that dealers supported and bought diamonds from miners and diggers directly or through an agent. For proper documentation of diamonds under KPCS, dealers are now not authorised to go into mine sites to buy diamonds. It is the brokers’ role to secure diamonds from the field. In turn, flow of support from dealers to miners can be channelled through brokers.

Liberians and foreigners can be licensed as dealers. The license fee is US$20,000 per year. When a dealer buys a diamond from a broker, he/she also collects from the broker a copy of the voucher for that diamond from the regional office. In turn, the dealer takes the diamond to the Government Diamond Office at the Ministry of Lands, Mines and Energy for valuation and certification, after which he/she can export the diamond.

Figure 4 depicts the major artisanal diamond mining participants and their relationship. Outside of the Kimberley Process, a parallel system captures trade of illicit diamonds, as represented in the grey boxes in the diagram.

### 4.3 Characteristics of key mining participants

Statistical citations are from a survey for miners, diggers and mining community households. Additional information comes from group discussions and key informant interviews.

#### 4.3.1 Miners

Most miners operate a claim with financial support from brokers or other investors. Others who sometimes make a hit can finance their mining operations until resources are depleted.
• Membership

The Gold and Diamond Miners and Workers Association, a nationwide organisation, had a membership of over 6,000 before a faction split from the group, carrying the same name, an issue that is still being contested.

Officers of the original association estimate that their membership base represented a fraction of active miners and diggers from most counties, i.e. 20,000–30,000 miners and mine workers. Mining is largely a full-time occupation. Thus, miners are a highly mobile group, establishing operations wherever they hear of good prospects. Many have several mining claims that may be in different locations.

Interviewed miners’ profile

- **Number:** 82 miners from 14 mining towns in Nimba, Bomi, Cape Mount and Gbarpolu; 8% were women.
- **Length of years as miner:** 20% have worked as miners for between one and five years, 23% for more than 20 years.
- **Age:** 100% were above 18 years; 60% were below 40 years and 8% above 64 years; the remainder were between 40 and 64 years.
- **Education:** 96% of miners had a maximum of elementary education.
- **License:** 8% were licensed.
- **Family size:** Average family size was six, with at least three dependents in other places.
- **Average daily food consumption:** LD$200 (US$3.33) for a family of six.
- **Average monthly income:** LD$4,000; 10% incurred losses in the last three months.

• Mobility

Between May to August during the wet season, alluvial miners in Weasua and Lofa Bridge went to Kakata or to other locations with dry land operations. This movement persisted into the sanction years. To augment incomes during those years, some resorted to coal making. Very few ventured into traditional cultivation; those that did, said they planted just a few crops to support mining operations.

While this is not usual, there are miners who had worked abroad. A prominent miner from Lofa Bridge worked in Sierra Leone and Angola proving that the movement of miners across countries in the region was not one way.

• Women miners

There are women miners. The president of the Gold and Diamond Miners and Workers Association is a woman. They represented 8% of those interviewed. One long-time miner is Mary Tuazama of Lofo Bridge. She found a 14-carat stone and sold it for US$9,000 in 1998. She built a house in Duport Road. She claims being investment-minded compared to the stereotype who make a major find and spend their money on lavish parties and lifestyles.

• Education of miners

The highest level of education reached by a sizable percentage of miners is elementary school; none have received training in aspects of mining or management. However, they express a desire for training to improve efficiency of their operations; many cited needing assistance on such topics as entrepreneurship as well as prospecting, valuation and pricing.

The status of training and education contributes to the lack of advancement despite years as miners. Jungle Water, of Lebanese descent, started as a digger in Nimba as a wartime occupation, but with education and entrepreneurship training, he rapidly ascended the ranks to become one of the well-known miner-brokers in the country.

• Number of mining claims

Out of 82 miners interviewed, many had more than one mining claim, affecting capacity to pay various license requirements.

<table>
<thead>
<tr>
<th>Mining agency</th>
<th>Number of mining claims of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One claim</td>
</tr>
<tr>
<td>Bahr, Nimba</td>
<td>75%</td>
</tr>
<tr>
<td>Gbarpa, Nimba</td>
<td>47.4%</td>
</tr>
<tr>
<td>Grortbay, Nimba</td>
<td>25%</td>
</tr>
<tr>
<td>Zayeglay, Nimba</td>
<td>81.30%</td>
</tr>
<tr>
<td>Sannquelle, Nimba</td>
<td>50%</td>
</tr>
<tr>
<td>Lofa Bridge, Grand Cape Mount</td>
<td>50%</td>
</tr>
<tr>
<td>Weasua, Gbarpolu</td>
<td>25%</td>
</tr>
<tr>
<td>Kungbor, Gbarpolu</td>
<td>37.50%</td>
</tr>
</tbody>
</table>

• Income of miners

In general, miners report very unstable income patterns. The average monthly income of those interviewed was LD$4,000 (US$66). A miner’s income was computed as the sale price of stones divided by two to account for the digger’s share, less operating expenses. Ten percent reported losses in the last three months, either due to unproductive pits or to production levels that did not cover costs. On occasion, miners report valuable finds, generally between three and five carats. Class B miners show the disparity in incomes between artisanal and mechanised miners. Jungle James, who had three Caterpillars, openly admitted having amassed US$15 million between 1969 and the time war caught up with his operations in 1998, even with allegations that he had to turn over much of his production to war leaders. A miner in Smith Camp was able to pay the cost of a Caterpillar up front from just one pit.

Many who have mined for years have been unable to save or to reinvest, despite occasional finds. For some, one factor is that profits are put back as capital in mining and diminish as succeeding pits do not yield good stones. But for most, they see themselves not as entrepreneurs, but as “employees” of brokers. They spend their income with the expectation that brokers will continue to finance their digging operations. Also, many miners support extended families in Monrovia and elsewhere.
Miners’ expenditure

Figures obtained on miners’ expenditure varied depending on the number of mine claims, the level of mechanisation and the location and size of work crew. Mining expenditure was larger in alluvial sites that required the use of water pumps. While water pumps were rented and paid with two cans of rice or bulgur wheat, unit prices for basic tools are: shovel US$10; digger US$12; cutlass US$5; jig US$6; gravel wash basin US$15. Water pumps cost US$300; a few miners rent these out.

Miners’ responsibility to workers

Regulations do not stipulate responsibilities of miners to their diggers and vice versa. However, it is generally accepted that miners are responsible for medical treatment of sick or injured workers. Some miners may also provide some form of housing for their diggers. Miners may pay diggers a fixed wage or salary and it is the miners’ responsibility to provide food for the workers.

Benefit sharing

Unfair trading practices by brokers, i.e. underpayment for stones; no independent or authorised standard of valuation; broker-determined pricing. Limited knowledge on mining law and other mineral policies and regulations. Diamond theft by diggers/diamond boys. Financial support received restricts miners’ freedom to choose buyers.

Technical know-how

Limited entrepreneurial/managerial know-how. Unavailability of technical and financial assistance.

Regulatory measures/implementation

Shortness of license duration and dispossession of claims by foreigners. License requirement as condition for compliance to KPCS indirectly encourages illicit mining and smuggling. Little or no incentives for the formation of cooperatives. Difficulty in accessing some of the regional offices for authentication of diamonds due to very limited flow of motor traffic and extensive distances. Re-demarcation of claims already surveyed. Threat of dispossession by large-scale mining companies.

Miners saw themselves as determined and intelligent. They enjoyed the fraternity of working in bands. Possibly, in allusion to the war and its reported link to artisanal mining as a revenue source, Kakata miners in consultation stressed that they “did not believe in crime”.

Miners’ issues and concerns

Capital
- Inadequate tools and equipment.
- Unavailability of affordable credit and alternative sources of investment.
- Payment terms and affordability of licenses and survey fees due to war, multiple claims and limited operations.

Benefit sharing
- Unfair trading practices by brokers, i.e. underpayment for stones; no independent or authorised standard of valuation; broker-determined pricing.
- Limited knowledge on mining law and other mineral policies and regulations.
- Diamond theft by diggers/diamond boys.
- Financial support received restricts miners’ freedom to choose buyers.

Technical know-how
- Limited entrepreneurial/managerial know-how.
- Unavailability of technical and financial assistance.

Regulatory measures/implementation
- Shortness of license duration and dispossession of claims by foreigners.
- License requirement as condition for compliance to KPCS indirectly encourages illicit mining and smuggling.
- Little or no incentives for the formation of cooperatives.
- Difficulty in accessing some of the regional offices for authentication of diamonds due to very limited flow of motor traffic and extensive distances.
- Re-demarcation of claims already surveyed.
- Threat of dispossession by large-scale mining companies.

Miners’ issues and concerns

Aspirations of miners

To own bigger businesses (i.e. mining operations) in the next five to ten years.
To become brokers and dealers.
To educate all their children.
To own cars and houses.

Below is a summary of needs and identified areas of assistance by miners.

Needs and recommendations of miners

- Mobilise government and relevant partners for:
  - Loan of supplementary tools and equipment for miners.
  - Creation of credit facilities.
  - Provision of basic, short-term investment/entrepreneurial or management training for miners.
  - Provision of alternative basic skills training for miners to accommodate options for job shift or supplementary income.
  - Decentralise GDO valuation of diamonds to all regional offices to establish standard price determination when miners sell to brokers.
  - Create marketing bureau or buying house for rough diamonds to ensure better prices and easy access to markets.
  - Interim measures for Kimberly Process compliance:
    - Increase duration of mining permit/claim/license from one year to two years.
    - Allow work-and-pay procedure to acquire license/survey fees.
  - Facilitate harmonious co-existence between artisanal miners and large-scale miners.
  - Strengthen capacity of and coordination between law enforcement agents to ensure Liberianisation of artisanal mining.
4.3.2 Diggers

Diamond boys or diggers are not all boys, teenagers or male. There are diggers as old as 60, and there also are female workers. Diggers often work in gangs. A band of between three and fifteen workers operates a pit under a mining claim. The number of workers depends on size, productivity of the area and availability of workers.

Because they work under miners, diggers are not required by law to obtain a license, permit or any form of national authorisation to work in diamond creeks. Informally, diggers are themselves miners outside delineated mining claims and in pits that they operate by themselves. Some sites were identified in forests where prospecting without permit is in progress.

Interviewed diggers’ profile

- Number of respondents: 80 mine workers of whom 8 were female.
- Age: None below 16 years; 38% between 16 and 30 years; 45% between 31 and 45 years; 8% between 46 and 60 years; and 10% over 61 years.
- Education: 36.2% have never been to school; 30% reached elementary grades; 18.8% reached junior high; and 15% reached senior high. Of the total, 23.8% were still in school.
- Origin: 51.3% were from the host counties; 23.7% from other counties; and 35% were from other countries (i.e. Sierra Leone, Mali, Guinea and Mauritania). Note that 85% of the 20 foreign mine workers were interviewed in Gbarpolu and the other 15% in Nimba.
- Number of years as digger: 12.5% have been mine workers for less than five years; 41.3% have worked as mine workers from between 10 and 19 years; and 17.5% for over 20 years.
- Ex-combatants: It is estimated that at least 70% of the present diggers are ex-combatants.
- Working conditions: 100% had worked up to 10 hours a day.

Worker mobility

Diggers are known to move from place to place, wherever there is news of a diamond strike. This could be in another town or county. It is not known what percentage may be working across the border, but some sadly admitted digging in neighbouring countries during the war.

Foreigners as diggers

According to miners, the lack of local workers in Komgbor and Lofa Bridge makes them depend increasingly on foreign workers; they claim that the local Golas and Vai are not interested in diamond mining.

The other scenario involving foreign diggers is that they work for miners from their own country. Such is the case in certain sites in Nimba, Grand Cape Mount and Lofa Bridge.

In Weasua, Sierra Leonean miners brought in Sierra Leonian diggers; Malians in Kumgbor brought into the country both Sierra Leonian and Malian diggers. In Gbarpa, there are Mauritanian miners and agents who married into the town. Some were reported to represent a well-known broker.

Role of women and children

Women assist in certain aspects of the work, i.e. at the stage when gravel is jigged, or they cook and pour water during gravel washing. There were eight females (10%), and 19 students (24%) among those interviewed.

Education and literacy

Diggers reflect national literacy rates. Over 36% had no formal education while another 30% had some elementary education. Among the younger interviewees, education was disturbed during the civil war. Many interviewees would like to pursue some form of education that is compatible with their unique conditions as workers and mobile tendencies.

Figure 6 Diggers’ education and literacy levels

- Education/Literacy

Poverty and Social Impact Assessment

- Income

The average monthly income of interviewed mine workers for last three months was LD$1500 (US$25) per month. Despite this figure, 30% of those interviewed reported having had no income from unproductive diggings for this same period.

Diamond boys in Komgbor lamented that often “they were just working to feed themselves”. For this reason, diamond workers and their families in Nimba would like a special education programme that would allow everyone, including elders, to be educated so as to give them more options in life. They would also prefer wage work, even in large-scale mines, as opposed to the uncertainty of artisanal mining.
Statistics on ex-combatants were anecdotal. This is an area that was not readily discussed by informants. However, the UNDP Demobilisation, Disarmament and Rehabilitation Programme indicates that rebel returnees favoured small-scale mining areas. Mining agencies and local officials estimate that as many as 70% of diggers may have served in the conflicts as diggers or in some other capacity.

### Diggers’ issues and concerns

#### Working conditions
- Bear risk of zero-compensation from unproductive pits.
- Sometimes eat one meal a day, mainly bulgur wheat.
- Have one-hour break during a nine to ten hour work day.
- No provision made for health care and welfare services.
- Drink water from same river or creek as being mined.
- No standard labour policy governing miner-digger relations, except those passed on by mining agents.

#### Knowledge and skills
- Poor cash management and investment skills.
- Limited literacy; inadequate access to educational facilities.
- Mining practices
- Inadequate, old or defective tools.
- Closure of mine sites by miners without prior notice.
- Influx of aliens in the diamond-digging job market.

#### Sharing arrangements
- Perception that some miners connive with brokers to underpay diamonds/mine workers.
- Diamond theft by some gang members.
- Some recommendations of mine workers

The following workers’ recommendations to improve their conditions were taken from individual interviews and group discussions.

- Implement labour policy governing working relationships between miners and diggers.
- Decentralise valuation facilities for transparency.
- Assist miners to acquire tools and equipment.
- Facilitates short-term cash management and investment training courses for mine workers.
- Curb influx of aliens into the artisanal diamond mining sector.
- Some recommendations of mine workers

The following workers’ recommendations to improve their conditions were taken from individual interviews and group discussions.

- Implement labour policy governing working relationships between miners and diggers.
- Provide for health care and other welfare services.
- Establish appropriate learning systems so they can pursue education while earning, e.g. Saturday or after-work class schedules for diggers and adults.

#### 4.3.3 Brokers

Brokers are licensed to buy diamonds from miners after the miners have reported their finds to the regional Government Diamond Office for documentation under the Kimberley Process. Brokers often undertake financing for food and tools in exchange for having first choice to buy diamonds that have been found.

- The situation

As of December 2007, Liberia had 20 licensed brokers. There were at least three brokers in each of the areas visited, but there are many miners who aspire to become brokers or miner-brokers. In Bahn, as of November 2007, at least 53 miners were part of the brokers association that was recently organised. Of these, only three have obtained their licenses. The association did not include foreign brokers.

Brokers may also be miners. Some miner-brokers are Lebanese. Under the Kimberley Process, brokers face the challenge of having to formalise the miners they support.

Invariably, brokers considered the license fee of US$1,500 to be reasonable (even low), in relation to the diamond revenues they reportedly handled. The problem was tight cash flow where they were required to advance the license fees of their miners, as well as support their operations.

In the case of Bahn, the two brokers interviewed were each processing about 70 mining permits on behalf of miners they supported. Processing of mining permits was facilitated in batches; as of the study period, almost all of the licensed miners were assisted by brokers.

Funds tied up in licensing reflected in limited mining activity due to lack of supplies for unsupported miners. This was the case in Nimba, as elsewhere, which was uncharacteristic at the start of the dry season.

According to interviewed miners and brokers, support extended to a miner was in the range of LD$3,000 to LD$5,000 (i.e. US$50 to US$83.33) for about a year, with a chance that the investment does not pay off. Miners reported some brokers getting frustrated by the lack of diamonds found within the expected time frame.

Brokers complain that some miners sold bigger diamonds directly to dealers in Monrovia or to other brokers who could offer a better price. In these instances, they were unable to collect on cash advanced for food and equipment.

Most brokers have some form of formal education. In mining towns, they own business establishments and were able to grow their business by managing profits from diamond trading. Foreign traders were reported to have their investments abroad. Local miners claim that some lived modestly in Liberia, but had hotels or restaurants and other businesses named after Liberian mine sites in their home countries.
4.3.4 Dealers
As of December 7, 2008, thirteen diamond dealers have been licensed to export diamonds. But for the period since September, only eight had started to export, five of which exported pre-Kimberley Process stockpiles.

It appears that there are many more dealers that have not obtained an export license. Known dealers who were lined up for interview for the PSIA were not among those listed as having obtained licenses under the Kimberley Process. Moreover, a dealer had misgivings and did not wish to be interviewed for the study.

Some dealers are said to be still buying diamonds from diggers as well as from miners. Several months into enforcement of the Kimberley Process Certification Scheme, some diggers claim personal experience of having taken diamonds directly to dealers who paid for these in violation of the Kimberley Process. Some observers concluded that very slow production within the period forced dealers to accept some diamonds that were being traded illegally, partly to offset the cost of licensing, and/or to support miners.

On the other hand, brokers relate instances where dealers turned back diggers or sought their assistance for the certification of diamonds that were brought in directly by miners and diggers. This is serving to pressure brokers to help with the registration of miners.

Many dealers have homes in an upscale downtown location along Carey Street in Monrovia.

4.4 Profile of host communities
The following information was taken from individual interviews and group discussions with landowners and representatives of mining households.

4.4.1 Ethnicity
In places such as Lofa Bridge, Weasua, Kongba, Kakata and Gboe Forest, the communities represent various ethnicities and nationalities with the original ethnic groups being composed of a very small minority of the population. This is affecting traditional leadership patterns. For instance, in Kongbgor, clan chiefs are Mallan-Mandingo and not of the original Gola tribe.

4.4.2 Local economy
Artisanal diamond mining absorbs most of the working population in the study site. This is reflective of the size of the mining population that comes from other counties in relation to that of the host community.

There are few job opportunities. Hunting augmented food and income sources in Kongba and Gboe and Sapo. In Grand Gedeh, elephants, local hippopotamus, duiker and other animals are used or sold as bush meat. Elephant tusks are sold to an illicit market, most frequently to Chinese buyers. In Kongba, hunters come from as far as Nimba County. Here, a teacher also hunted to augment his income for his children’s education.

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Many dealers have homes in an upscale downtown location along Carey Street in Monrovia.
Aside from mining, subsistence farming is the primary economic activity. In all sites, agricultural activity is limited. After the war, seeds were needed and remain in short supply to restart the production of major crops. The system of slash and burn is carried out for a period of between one and two years on each site, with a fallow period of between seven and ten years. With a population density of 80 per square kilometer, pressure on the environment is within acceptable limits. However, there have been initiatives towards the establishment of permanent crops and plantations, i.e. towards the privatisation of land that was traditionally common property. Very few miners also did farm work. One miner said he planted a few crops to help with mining expenses.

4.4.3 Health, sanitation and social services

Improved health and sanitation facilities are needed. The major causes of morbidity are preventable diseases such as cholera, dysentery and skin diseases and malaria. Child mortality is high. All five households interviewed in Gbarpa, Nimba County had experienced a child’s death in the past year. In Lofa Bridge, there was one water pump and one household with a working toilet in the entire community. This scenario is common in the other mining communities as well. Basic social services such as schools and water pumps, where they exist, have been set up with donor assistance; not all are operational. Thus, in most areas, mined rivers and creeks are still the only sources of drinking water. They are also the only source of drinking water for diggers at work.

4.4.4 Social structures and community organisations

Clan and town chiefs are in place and poros and sandes are maintained except in Komgbor where the sande and poro are located in another town of the Gola tribe. Churches are visible. Some non-government organisations have active programmes in some sites, such as the Christian Children Fund (CCF) in Komgbor which is also tackling gender-based violence. Domestic violence is common and often involves ex-combatants.

4.4.5 Land use

The following map shows areas of economic activity by the people of Komgbor. It shows clan lands of the Gola tribe in Komgbor within the AMA concession. A study is also underway by FDA for timber utilisation. There are hunting grounds for the people and outsiders as far as Nimba. New areas are now being planted with long-term crops such as coconut, palm oil and banana; these areas were designated by the town chief for permanent use by those who established the plantations. The size of the land varies depending on the size requested and the plans and capacity of the tiller and his family to work the land. Areas

### Table 3: Mine pits per landholding, Zayeglay, Bahn

<table>
<thead>
<tr>
<th>Landowner</th>
<th>Size of landholding in acres</th>
<th>Number of active mine pits</th>
<th>Number of abandoned pits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>150</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>175</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>21/2</td>
<td>50</td>
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</tr>
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<td>7</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>9</td>
<td>13</td>
<td>3</td>
</tr>
</tbody>
</table>

Kongba

A woman sells surplus from her garden.
requested were not less than 10 acres and up to a hundred. Often, these areas are adjacent to mine sites that are operated by a family. Richly forested, the farthest mine site is four hours away for Komgbor miners. This does not include prospecting sites or individual mine sites.

In some instances, there appears to be a tendency towards land speculation for mining and plantation and to compensate for damage from mining, a trend that is also reported in Gbore in response to pressure from plantations and proposed reservations.

There is much uncertainty in the land tenure status of areas under large-scale mineral exploration.

**Uncertain future**

*Komgbor in the Gola Forest is within the AMA mining concession.*

*An uneasy truce exists between the company, the community and miners.*
Because of the complexity of changes occurring in forest areas, issues around Gboe and Sapo need to be highlighted. Gboe Forest is located in Gbazon District, Grand Gedeh County. It is a portion of the greater Krahn-Bassa Forest which, according to the Liberia Forest Re-Assessment Map of 2004 (FDA), spreads from Sinoe through part of Rivercess and into Gbazon District, Grand Gedeh. The Gboe is a national forest and is earmarked to become a forest reserve. Local communities believe that this is not good for development, especially for infrastructure such as roads. They would rather investors and companies come in and build roads, provide jobs and “open up the place”.

Already communities are feeling the pinch from the demarcation of the proposed reservation at Gboe which is within an area with tribal deeds. People complain that it has reduced the area available for farming and for private land ownership; according to them, there was little community involvement during the demarcation. They also believe that making Gboe a reserve will “keep the place in darkness”: they have not benefited much from past relief activities due to poor road conditions; and that government’s proposed reserve-plan should be accompanied by development as an amicable solution to the deadlock. FDA recognises the potential for conflict and is preparing a development package, with international support, for host communities of protected forests.

Artisanal mining, especially of gold, is done in the forest by both locals and outsiders (foreigners and people from other counties); more than 500 miners are estimated to be operating.

There are logging activities in the forest area (Krahn-Bassa/Gboe) by companies such as Texex International logging concession in Gboe. Pit-sawyers also have their operations; they are required to pay US$0.60 to government revenues for every piece of plank they cut from the forest as monitored by FDA. Much like artisanal diamond miners, they do not have any responsibilities towards communities. On the other hand, corporate loggers around the national forest in Gboe pay $0.50 per hectare. Per hectare it is distributed as follows: 40% to national treasury, 30% to the community and 30% to the county.

Gboe-Ploé District has not benefited perceptively from all these extractive activities as can be seen from the towns/villages and inhabitants (most of the houses in the towns/villages in the area are thatch-mud huts, no paved roads, no clinics, inadequate schools, etc). Hunting and trapping is a major option for food and income.

4.4.6 Land tenure

Gboe exemplifies some of the land issues that can be expected in plantation/forest areas.

- The district authorities claim to have a tribal deed for the entire district of which the Gboe Forest is a part. It is unclear what rights go with this tribal deed.
- Individuals have been advised to acquire private title to land; 90% of the landowners interviewed had accomplished only the first step in the following procedure:
  o Obtain a tribal certificate from the district authorities.
  o Proceed with tribal certificate to county authorities to obtain a deed for the land from land commissioner.
  o Probate the deed with the Probate Court in Zwedru.
- As a way of securing titles to land through significant activity on the land, most landowners are cultivating palm oil and rubber on large plots, leaving limited space for farming. This has the potential to generate hunger. The landowner of the smallest palm farm interviewed said his plot was 1.5 acres.
- Co-operative palm plantation is another competitor for land use; e.g. AMENU, a co-op, has a palm plantation that covers hundreds of acres.
- Palm oil has been planted in forest areas around Gbazon-Jarwoodee.
- Some individuals are claiming private ownership to forestland, e.g. in Gorbowrogba, a Grand-Gedeh/Sinoe County border town, the people reported that one of the residents ‘bought’ the forest land around the town and is logging there.
- The people of Gorbowrogba are negotiating to give up some of their land, often forested, to a palm plantation company.

Mining is happening in the forest.

- Gold mining is being carried out in the forest around Gorbowrogba.
- American Mining Associates (AMA) is working in the Slomen Creek area in the forest around Gorbowrogba where it allegedly has more than a hundred men mining under the cover of prospecting.
- According to an agreement with communities, AMA was required to build a school, community hall, etc. Town authorities claim that only 14 bundles of zinc had been sent to them and no school had been built, and that other parts of the contract had also not yet been fulfilled.
- The town elders and community representatives plan to get the men out of Slomen Creek if the company does not keep its promises.
The Sapo Forest Park is the site of a major diamond rush. It is a protected area of 180,000 hectares spreading over River Gee, Grand Gedeh and Sinoe Counties. It represents 4% of Liberia’s national forests (with a coverage area of 1.4 million acres of national forests and a total of 4.52 million hectares of forest land).

- Illicit mining is ongoing; it is most active in Camp America and Camp Afghanistan.
- In the last quarter of 2007, mining declined in the park due to gang violence (there were reports of two homicides); local chiefs assisted in getting miners out of the forest.
- There are no potential claims of clan ownership on part(s) of the park, but locals believe there is a need for re-demarcation of the forest.
- Mining companies (e.g. EARTH-COM) are carrying on mineral exploration in Putu Jarwodee and Putu Geeblo, in the Putu mountain area around the park. Without proper monitoring of demarcation lines, the protected forest could be infringed on. FDA is considering re-demarcation and even extending the land area of the park.
- Full community participation in community-based recovery programmes is hindered by the people’s preference for mining in the park and in the Krahn-Bassa Forest. People prefer to mine in the park rather than to take up employment with NGOs/community development programmes. A UNDP CBR programme targeted for three months in the area was delayed by nine months.
- Miners/diggers within the park claim they have no better alternative livelihood.

- FDA rangers are still being attacked and hurt by illicit miners.
- Proper monitoring by government is undermined by logistical/human resource limitations.

4.5 Process flow of artisanal diamond mining

Prospecting is ongoing. Test pits are first made to get samples and find indicator rocks. These are various quartz which are not collected for further processing.

The direction of prospecting is towards virgin forests. A prospecting license is required, but at the time of the study, prospecting licenses filed were even less than for mining licenses. Some mining agencies have not processed a single prospector’s license. Prospecting was done not only by miners, but by diggers as well.

If a sample stone is found, the area is demarcated for digging. Otherwise, it is abandoned. A miner then contacts a band of diggers to open a pit. Others follow to establish their own digging operations as news travels of an area’s productivity.

Dry land and alluvial mining are similar in terms of process, except for the clearing of forests for the former and the diversion of water for the latter.

While MLME prescribes that pits must be closed after mining, most are simply abandoned without closure.

The following figure follows the various stages of artisanal mining.
4.6 Technology and the artisanal diamond mining process

Labour, food and simple tools are the basic inputs for artisanal diamond mining. But as communities emerged from war, there has been a lack of capital and external assistance has to be sought for food and simple tools such as shovels and jigs. Workers complain about insufficient and dull and broken shovels.

Water pumps are used in creeks and rivers. Artisanal diamond mining is alluvial along rivers and creeks and swamps. Increasingly, work is being undertaken on dry land and much prospecting is underway in major forests such as Gbi, Gboe/Krahn-Bassa and in Putu, close to the Sapo Park. The operations ratio is estimated at 80% dry land to 20% alluvial in Bahn.

Pits are anywhere between one and 13 shovels deep (a shovel is approximately three feet long.) At deeper levels, pits are not supported against cave-ins.

The process is essentially the same for wet and dry land, except for the clearing of trees in forests and the diversion of water in the case of rivers and creeks. Depending on the size of a pit and the number of workers, work lasts between one and three months per pit.

There were no washing plants in the mine camps that were visited, but many workers were familiar with these having seen some private portable samples. The value of washing plants was raised as a means to increase recovery (especially of smaller pieces of diamond) and to facilitate monitoring of output. Workers were also told that large-scale private portable samples were not being gathered and processed as secondary products. Trees that have been felled due to mining have also been left to waste.

Mining agents and miners wondered about the possible uses of discarded rocks and semi-precious stones as they request for technical assistance on the development of secondary products as a potential source of additional income for communities and mining cooperatives.

4.7 Mechanisation

Some miners owned heavy machines but very few of these survived the civil war.

In Bahn, there are two Type B mining licenses, therefore miners are allowed to use heavy equipment. At least three Caterpillars are owned by the Bahn miners, but these are not in use due to lack of funds. In Sanequille, Jungle Water who owned a Caterpillar was still prospecting at the time of the study.

In Nimba, the aspiration of all miners was to get support for mechanised mining, since heavy artisanal and mechanised operations occurred throughout the civil war which resulted in an observable drop in productivity of surface mine sites. This was not only true for Nimba, however; most miners aspired to find financiers for larger scale operations. Facilitation for financial assistance for tools and heavy equipment was seen as a good incentive for cooperative membership.

4.8 Productivity

There is agreement that diamond recovery needs to be maximised. A summary of characteristics are:

- Low recovery rate – Official estimates are pegged at 40%, but some miners and brokers assess this to be as low as 25% because equipment is inadequate and diggers favour larger pieces.
- High risk of opening pits with no recovery – In Nimba, which was over-exploited during the war, the ratio is only between two and four of every ten pits opened yield diamonds. Interviews in Kungbor and Weasua also suggest poorer recovery rates compared to past years.
- Variable production levels – When a pit was diamond-bearing, it was usually reported to have had between 200 and 300 small pieces (below 0.5 carats) per pit with three pieces at over one carat in size. There were reports of miners getting as many as 3,000 pieces a pit at a good location.
- In mined-out areas everywhere, miners saw the need for machinery to get at diamonds at deeper levels.

Liberian diamonds have been classified in the literature as mostly of industrial grade. This was supported by the samples of submission for Kimberley Certification, which were mostly small stones below 0.5 carats in Tubmanburg and Kakata, with a stone or two that were bigger.

On the other hand, field interviews with miners, diggers and brokers indicate a whole spectrum of diamond quality from different mine sites. Some large and good stones have been reported, including an anecdotal find of a 140-carat diamond in Kungbor that was allegedly smuggled to Sierra Leone in November 2007 from the very site where a miner charged AMA of taking away gravel from his pit.

4.9 Diamond market flow

The prescribed procedure for disposal of diamonds is for a miner to take his diamonds to the Government Diamond Office (GDO) regional office for authentication before selling these to a broker. A receipt and three copies of a voucher are given to the miner for his diamond/s. The miner then brings the diamond/s to the Monrovia GDO for valuation.

When a broker pays for a stone, he acquires two copies of the voucher from the miner, and then when the broker sells a stone to a dealer, the stone is handed over with one of the copies. The dealer then takes the stone for valuation and certification at the Government Diamond Office in Monrovia. Larger diamonds are photographed for the records. Only then can the dealer export the diamond.

Since processing does not occur in Liberia, only rough diamonds are exported.

Miners sell to brokers without firm bases...
Benefit distribution

- 50–50% split between miner and workers
- New investments: often asking for 80-20 split in favour of investor
- Diggers absorb highest risk for non-productive pits
- No share for local government or tribe
- No compensation for damage

4.9.1 Health and occupational safety

Artisanal mining poses some safety and environmental hazards.

Among diggers, most common accidents were cuts and abrasions. Falls resulting in death and permanent disability have been reported in quarries by Nimba miners who did deeper-level mining.

Some deaths have occurred when pits caved-in on workers. Safety standards were unclear to miners and diggers. Inspections were sometimes conducted but mainly for illegal mining or for demarcation of mine sites. In addition, many mine sites were too far to be easily reached by mining inspectors who had to walk, and too far from medical help in the event of an emergency. In the survey areas, there were no reports of mine closures due to safety reasons, only due to license issues.

A miner from Nimba experienced two deaths at his mine due to a cave-in at 12 shovels (approximately 36 feet). The accident site was 13 hours walk from the closest medical facility. Compensation for one of the victims was in the form of a mud house built for the widow and her children. For the other fatality, compensation was through assistance in the schooling of one of the digger’s children.

Common illnesses of mine workers are malaria and diarrhea, an occupational hazard for miners and diggers who work around the breeding grounds of malaria mosquitoes. They are also prone to skin diseases and diarrhea, and typhoid and cholera because of drinking directly from mined rivers.

In certain areas, diamonds are also associated with gold, as in Camp Smith, where mercury is used in gold recovery. The long-term threat of mercury to the public and environment has been disseminated through radio and other means.

4.10 Benefit-sharing arrangements

The traditional sharing arrangement is a 50–50% split between miners and diggers, regardless of the number of diggers or the effort and expense put it by the miner whose main role is to get external support for food and tools and supervise operations – often, through his agent. There is no separate compensation for clearing the forest or in the event that a pit is not productive. Short-term participation of additional workers for a specific task is paid at a contract price.

There are complaints on both sides. Regardless, a rough estimate by miners is that as much as 50% of diamonds may be “stolen” by diggers. This, they consider to be their biggest problem. On the other hand, diggers charge that miners often do not give them their fair share of sales.

Brokers/financiers say they also take on risks when a mine is unproductive or when miners/diggers sell the output elsewhere.
In preparation for the lifting of diamond sanctions, in January 2006 the United States disbursed US$1.4 million for the diamond sector reform. A Presidential Task Force on Diamond Sanctions and the KPCS was created that facilitated the following:

- Completion of a geological assessment of the country (assisted by the US Geological Survey) in November 2006.
- Creation of a Government Diamond Office, which includes an assaying laboratory.
- Establishment of regional offices.
- Establishment of a KPC Unit in the MLME.

The international community provided training and other technical and material assistance. The GDO became operational with the installation of valuation equipment provided by DeBeers and the Dubai Diamond Exchange in February 2007. KPCS panel visitations took place to verify compliance with UN sanctions and assess Liberia’s preparedness for KPCS membership which occurred in mid-2007.

5.1 Overall status of implementation

Some highlights on the Kimberley Process as of December 2007 are:

- Ten regional offices for the MLME were established each to serve several mining zones.
- Eight regional diamond offices were established with office structures set up by UNMIL.
- An inter-ministerial committee charged with coordinating the tasks required for successful implementation of the KPCS and a high-level steering committee with the role of coordinating donor support and policy development were created.
- A visiting panel on the Kimberley Process observed that Liberia needed to be more pro-active in strengthening mechanisms for the long-term management and maintenance of the KPCS by government and its organs, rather than with the international community.

- To enhance preparedness by the KP Implementation Unit, the following activities were conducted in 2007:
  - The training of mineral inspectors and mining agents to manage day-to-day field activities.
  - One-day workshop for Ministry of Lands, Mines and Energy staff.
  - Dealers/exporters and brokers workshop.
  - Workshop for government officials (Ministry of Justice: Immigration and Police; Ministry of Finance: Customs and Revenue; Central Bank and Ministry of Lands, Mines and Energy).
- Two Liberians underwent database management training in Monrovia run by a group from the USA.
- The World Bank conducted training for 12 independent Environmental Impact Assessment (EIA) practitioners who are accredited to conduct the study.

5.1.1 Establishment of internal control mechanism

- Internal control mechanisms have been established. These include the functions of the regional offices and receipts and sales vouchers that eliminate the possibility of diamond packages being broken into fragments after going through the regional offices thereby destroying all possibility of tracing the diamonds.

5.1.2 Licensing

- The Bureau of Mines, a sub-organ of MLME, has established a licensing mechanism for artisanal miners and dealers/exporters.
- License fees were set and subsequently reduced for miners and brokers after consultations with the sectors.

5.1.3 Database management

- The Government Diamond Office established a database to monitor and verify diamond-digging activities.
- The database includes an accurate location for licensed sites, and it also records quantity and quality of diamonds produced from those sites.

5.1.4 Diamond valuation

- Three Liberians underwent diamond valuation training by DeBeers in Kimberley, South Africa and two Liberians did similar training by the Dubai Diamond Exchange in Dubai.
- The government of Liberia signed a MOU in 2005 with the Diamond Councilor International (DCI) for external independent valuations. The contract is about to expire.

Early operating conditions

- Low morale of field staff.
- Various operational concerns, i.e. long delays in survey, no transport, no logistics.
- Instances of “turf bickering” between GDO and mining office.
- Undeveloped coordination with local government and law enforcement agencies.

5.2 KPCS field operations

5.2.1 Mining regions and agencies

Liberia is divided into mining regions, agencies and zones to implement mining regulations and monitor operations. A mining region, under a regional coordinator, covers a group of mining agencies. The following is the case of Bahn, a mining region with four mining agencies.

During the war, in Weasua, Komgbor and Bahn, field officers were recalled to Monrovia, leaving mining offices with no staff. Office rental was unpaid for months or years.

A mining agency maintains an office and is headed by a mining agent. He implements mining policies through the mining inspectors and patrolmen who do routine inspections at mine sites. Territorial coverage of mining agencies and GDO’s regional offices may overlap but these are not equivalent.

In the case of the Bahn mining agency, it was further divided into 11 zones, each represented by a mining chairman.

A mining chairman is elected by fellow miners to serve as a representative of the mining agent in a mining town. In certain areas, miners did not agree on the choice of mining chairmen by mining agents. A mining chairman plays the following roles:

- Assists mining authorities in identifying illicit miners.
- Knows licensed miners in the town/zone.
- Recommends interested miners to the mining agent for clearance to obtain a mining license.
- Assists in identifying vacant claims and demarcations.
- Supervises and initiates settlement of disputes among miners, diggers, miners and diggers, mine workers and town people.

5.2.2 GDO regional office

While mining agents/regional coordinators of the Bureau of Mines regulate and monitor production, regional officers under the Government Diamond Office (GDO) implement compliance with the Kimberley Process.

Each regional office had two officers with basic training on the Kimberley Process and the Global Positioning System (GPS). Some of the officers were former mining agents who would like to receive further training on diamond valuation.

Field issues and concerns

At the time of the study, there was low morale in both mining and GDO offices due to perceptions that field personnel were given inadequate support to perform their mandate. Several mining offices were established through the initiative of mining agents or coordinators to pay off rentals in deep arrears. Some admitted soliciting miner support, knowing that this might hurt the credibility of the office.

There were delays in pay. Furthermore, some staff members were not in the payroll at all, in particular the positions of mining inspector and patrolman. In Bahn, the official appointment of patrolmen did not come about even after eight years, until two were absorbed into the new diamond offices.

This was also not uncommon for other mining regions outside Nimba. In the absence of local job opportunities (especially government jobs), fieldworkers continued to operate in the hope that their positions would soon be regularised. They also supported themselves by other means such as operating their own diamond mines and depending to some extent on the good will of miners.

Figure 10 Regional structure, Bahn mining agency

Lofa Bridge Regional Diamond Office

Ten pre-fabricated offices were established by UNMIL for diamond authentication under the Kimberley Process.
Diamond certification

Many offices have not brought in diamonds for certification. In the case of Gbapa and Saniquillie, a total of nine instances of certification were recorded between September and November 2007. Diamonds certified were over 56 carats.

Field expenditure

The table below indicates the expense of maintaining field offices. Reported expenditure shows wide variations in initial office expenses for the three areas that are cited below. Office rental and utilities were major recurring costs with little else for other operating expenses.

In addition, rentals for the Kakata, Lofa Bridge, Bahn and Weasua offices were in arrears due to closure during the diamond embargo by the UN. Costs of reopening regional offices were subsidized by the assigned officers partly through contributions from miners. Other expenses were for the education campaign on KPCS. A fixed allowance was not scheduled for patrolmen, mining chairmen and mining supervisors who related instances of walking long distances to conduct field inspections and sometimes relying on the generosity of miners.

Regional coordinators' perceptions on Kimberley Process implementation

Regional officers attributed low participation in the Kimberley Process not to lack of awareness of community-based sensitisation programmes and radio messages, but due to the following:

- Few licensed miners; illicit miners will not turn up for authentication.
- Some of the mine sites were remote from the regional offices and closer to border-crossing points.
- The highly portable nature of diamonds makes it difficult to track illegal carriers/smuggling.
- The regional officers are not always in the office; the prefabricated office gets so hot that it is unbearable to stay inside for very long.
- Only smaller pieces were brought in for certification.
- Field issues and concerns

There was concern regarding clarification of regional officers’ roles in some sites. It was expected that the main function of regional officers was to authenticate diamonds from the area and provide diamond certification at source.

According to some mining agents, GDO regional officers were not expected to go to the mine sites or creeks as mining agents and inspectors were expected to do. There were fears that field visits by GDO staff might make them vulnerable to corruption due to delayed pay.

The situation has sparked dissatisfaction in some instances, especially when motorcycles were used by regional coordinators to go out to mine creeks. On the other hand, motorcycles were not provided to mining agents who were authorised to do fieldwork. In Bahn, some form of cooperation between the offices has been worked out so that a motorcycle of the Government Diamond Office is sometimes released for use by the Mining Coordinator in the area.

Field staff and GDO staff in Monrovia complained about pay adjustment delays since September when they started operations. The proposed budget for the Government Diamond Office was US$600,000 with a salary rate of US$360 for regional officers, higher than prevailing national and ministry rates. The standoff on the budgetary issue continued at the Ministry into late 2007. Operating expenses for fuel for the motorcycles and other logistical expenses were also delayed.

5.3 Role of stakeholders in KPCS implementation

The section documents the nature of participation and perceptions by various stakeholders in the Kimberley Process and in resource management.

5.3.1 Mining cooperatives

The ministry is encouraging the formation of artisanal mining cooperatives that will monitor production and help channel revenues to local communities. Cooperatives are being organised in all sites but have not yet been formalised.

Those in Nimba have prepared their constitution and by-laws. Not all miners are members of emerging cooperatives; while there are those who have signed up for membership, others have not.

In Kakata, by mid November, 30 had signed up for cooperative membership out of over 100 miners while only five were licensed. Similarly, there were 32 in Gbanga from over 100 miners and 60 in Bahn out of at least 17 miners. Miners were waiting to learn about concrete benefits and incentives for membership. Incentives that are hoped for are: credit, or introduction to financiers and training.

Miners expect that cooperatives will be able to help them negotiate with financiers for heavy equipment. Cooperatives will be responsible for managing the use of equipment and the collection of fees and mining contributions.

The cooperative system had been tried in Nimba under the Taylor regime. According to miners, it was efficient in monitoring operations and collection of dues. It also served as a mutual aid system in the event of sickness or death. (This is in reference to historical events as recounted by informants.)

In Kakata, experience with cooperatives was in the form of miners banding together to get a common financier. Cooperatives then did not aim to change relations with financiers or to improve benefits from mining.

5.3.2 Law enforcement agencies

In the towns and cities that were visited, coordination among mining, local government and law enforcement agencies was not active. Procedures were not in place for information sharing and coordination among the police, customs and immigration officers, courts and mineral inspectors and mining agents.

5.3.3 Tribes and host communities

Community involvement is not clearly defined at this stage, except to indicate that reforms through cooperative formation will one day benefit communities directly through social infrastructure from their share of mining revenues.

Communities expressed their desire to

<table>
<thead>
<tr>
<th>Agency/Location</th>
<th>Diamonds carats</th>
<th>Number certified</th>
<th>Monthly office budget</th>
<th>Total monthly expenditure</th>
<th>Number of mining claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahn Regional Office, Nimba</td>
<td>0</td>
<td>7</td>
<td>N/A</td>
<td>US$ 382</td>
<td>178</td>
</tr>
<tr>
<td>Gbapa, Nimba</td>
<td>12.25</td>
<td>3</td>
<td>US$ 1,135</td>
<td>US$13,645</td>
<td>170</td>
</tr>
<tr>
<td>Saniquillie, Nimba</td>
<td>42.9</td>
<td>6</td>
<td>US$ 200</td>
<td>US$30</td>
<td>8</td>
</tr>
</tbody>
</table>

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5.3 Role of stakeholders in KPCS implementation

The section documents the nature of participation and perceptions by various stakeholders in the Kimberley Process and in resource management.

5.3.1 Mining cooperatives

The ministry is encouraging the formation of artisanal mining cooperatives that will monitor production and help channel revenues to local communities. Cooperatives are being organised in all sites but have not yet been formalised.

Those in Nimba have prepared their constitution and by-laws. Not all miners are members of emerging cooperatives; while there are those who have signed up for membership, others have not.

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Impact of Liberia’s Mining Policy and the Kimberley Process Certification Scheme

6.1 Awareness of Kimberley Process and mining policy

The following section reviews factors affecting participation and some issues requiring policy review.

Regarding the mining code, except on the Kimberley Process, the policy on child labour and the requirement to close abandoned pits, most miners were unfamiliar with other provisions of the law or its regulations.

6.2 Affordability and willingness to pay

Participation through licensing during the initial stage of KPCS implementation showed an enormous gap between awareness, acceptance and participation. GDO records show a total of 270 miners, brokers and dealers obtained license within the first five months of implementation.

<table>
<thead>
<tr>
<th>License Type</th>
<th>Number</th>
<th>Amount per License (USD)</th>
<th>Total Amount Paid (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class B mining license</td>
<td>5</td>
<td>5,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Class C mining license</td>
<td>216</td>
<td>150</td>
<td>32,400</td>
</tr>
<tr>
<td>Diamond broker license</td>
<td>20</td>
<td>1,500</td>
<td>30,000</td>
</tr>
<tr>
<td>Diamond dealer/exporter</td>
<td>13</td>
<td>20,000</td>
<td>260,000</td>
</tr>
<tr>
<td>Diamond prospecting</td>
<td>16</td>
<td>125</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>270</td>
<td><strong>26,775.00</strong></td>
<td><strong>349,400</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Lands, Mines and Energy

Table 7 Licenses issued by Bureau of Mines, July–November, 2007

The mining towns that were visited were reached by information provided in the KPCS. One hundred percent of those interviewed understood and accepted the objectives of KPCS and were aware of its procedures. The magistrate reported that mining agents always prosecuted cases connected to mining without referring these to the proper authorities. This is not helped by the fact that local law enforcers were also ill-equipped and jail facilities were in such poor condition that their convicts always managed to escape.

- Local police

National police officers reported a lack of coordination or cooperation from mining agents, claiming a tendency for mining agents to assume complete jurisdiction over mining cases.

"Mining agents only call us to help facilitate an arrest. Or, they ask us to help detain a violator/criminal. We do not interrogate nor do preliminary investigation. They say we don’t know mining laws. But theft is theft, whether it is for gravel or diamonds – and not just for mining law concerns," reported a police officer in Weasua. Similar feedback was reported elsewhere.

- Local courts

It is usual for mining agents to adjudicate on all types of cases pertaining to minerals and mine sites. The stipendiary magistrate, policemen and immigration commander in Bahn expressed similar observations. The magistrate reported that mining agents always prosecuted cases connected to mining without referring these to the proper authorities. This is not helped by the fact that local law enforcers were also ill-equipped and jail facilities were in such poor condition that their convicts always managed to escape.

- Immigration authorities

Immigration officials admit being aware of the influx of foreigners, but claim that many mining agents do not share information or coordinate with them. They also feel that they are not in a position to enforce the law. Many mine sites are far from town.

The consensus is that aside from coordination, KP implementation requires provision of the minimum support for enforcement, in terms of communications equipment, transport such as motorcycles or bikes, and systems for sharing information.

In every site, local government and law enforcement authorities called for the establishment of procedures for collaboration.

5.3.4 Local government and other agencies

Local government units are not involved in the management of artisanal mining in their areas, but they would like to be given an active role due to emerging social and environmental impacts of the activity. No revenue share has accrued directly to local governments which do not exercise resource management or local taxation powers.

Due to lack of coordination, inter-agency consultations are encouraged to integrate mining into local development, zoning and land-use plans, and to manage emerging social issues such as the influx of foreigners, violence, crimes and misdemeanors in mining towns. Information sharing and coordination are considered urgent because of increasing problems, and because mining offices are sometimes based in another county.

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"Mining agents only call us to help facilitate an arrest. Or, they ask us to help detain a violator/criminal. We do not interrogate nor do preliminary investigation. They say we don’t know mining laws. But theft is theft, whether it is for gravel or diamonds – and not just for mining law concerns," reported a police officer in Weasua. Similar feedback was reported elsewhere.

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In every site, local government and law enforcement authorities called for the establishment of procedures for collaboration.
During this period, license fees for miners and brokers were also reduced after consultation. Reduction did not improve participation significantly. License fees were considered acceptable but onerous due to post-war realities.

The license fee for miners was reduced from US$450 to US$150 which is less than the US$450 that was collected during Taylor's regime, which also charged 10% in taxation. Moreover, 100% of those interviewed indicated their willingness to pay even higher license rates if this meant access to credit and other services.

Those with immediate incentive to license are miners with alluvial mining claims. They face the threat of forfeiting their mining claims in favour of those who can pay within MLME’s grace period of one month. Outside of this class of miners, there is less urgency to formalise mining claims.

The number of licenses under process was highest in Bahn where the mining agency has made it clear that it will enforce the grace period of one month for the renewal of licenses. Because multiple licenses (i.e. four) are allowed per miner, the potential impact of some miners not being able to pay would result in those who can afford the licenses or who are able to raise funds for licensing, receiving a concentration of licenses.

As seen in the complaints and appeals lodged with mining agencies, this does not favour recently returning refugees. Existing mining claims with track record for productivity are in high demand. This tends to encourage suspicion and speculation as some actively search for mining claims that can not be licensed by claim holders immediately.

On the other hand, miners and diggers who are prospecting or mining informally in undeclared mining sites, such as those in distant forests, do not consider there is a need to license immediately.

Presently, there are expected benefits to licensing and cooperative membership. Many hoped that these could facilitate access to capital, technology and other services.

Factors affecting licensing and Kimberley participation are:

- Some refugee miners are just returning home.
- Foreigners are undocumented and also cannot apply for licenses.
- License fees are acceptable but onerous due to post-war realities.
- Payment of license fees coincides with payment of prospecting and survey fees, and there is no alternative payment schemes.
- Low enforcement capacity does not seriously challenge mining without a license.
- Brokers who are helping the process, i.e. advancing the cost of licenses to the miners they support, can not pay fees simultaneously.
- Alternative credit is unavailable.
- In compliance with KPCS, dealers have stopped direct support of mining operations as they have done in the past.
- Desired incentives are unavailable, e.g. alternative credit sources, better markets and prices, training and technical assistance.
- Mining licenses are a requirement for Kimberley Process participation. A maximum of 8% in the sample sites managed to formalise operations.
- The moratorium for illicit diamonds has lapsed.
- Selling diamonds to traditional trading partners, e.g. Mandingo traders, etc. remains just as easy.

6.3 Artisanal mining revenues and poverty reduction

For a digger with a family of six, an income from artisanal mining is way below the United Nation’s US$1 per day threshold for absolute poverty; it is LD$4,000 or US$66 per month for miners and LD1,500 or US$25 for diggers. Absolute poverty means deprivation of basic human needs and social services including food, safe drinking water, sanitation, health, shelter, education and information.

The evidence is that host communities absorb the negative impact of artisanal mining. Average household incomes are even lower at US$10 per month when there are interruptions in mining.

Without change, it is likely that the cumulative negative impacts on the community, agriculture and environment are likely to be increasingly felt and will contribute to social tension as mining resumes and the population grows with the return of refugees and doubles in 15 years.

Furthermore, negative impacts could intensify as marginalisation occurs as large concessions in mining, forestry and agriculture become fully operational. Artisanal mining will tend to be pushed into tighter areas and more marginal land, as traditional mining sites come under exclusive use by corporate mines or plantations.

6.3.1 Royalty rates and development

Royalty rates and other charges are direct functions of a development policy. The aim is for exploitation of natural resources to contribute to poverty reduction and national development.

NGOs warn that without the proper policy mix, artisanal mining is unlikely to enrich Liberia, i.e. revenues collected may just be enough to cover the cost of administration. Out of an export value of over US$2.25 million, royalties of over US$67,000 were collected in 2007. Seventy percent of exports represented pre-Kimberley stockpiles.

A schedule of projections shows that even if most of the artisanal miners’ production is submitted for certification, earnings will simply not be significant enough to contribute to national development.

Royalties are intended to benefit national and local economies but this may end up supporting administrative costs at the current rate of fees and projected levels of participation. Royalties raised to 3 or even 5% will not reach US$1 million assuming that 150,000 carats are submitted for KPCS compliance.

<table>
<thead>
<tr>
<th>2007 Kimberley production</th>
<th>Projected annual production during UN sanctions</th>
<th>Projection on illegally traded diamonds 2007</th>
<th>US$150</th>
<th>Foregone royalties for non-KPCS diamond at 3%</th>
<th>Royalties of projected production at 5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>17,000</td>
<td>150,000</td>
<td>133,000</td>
<td>19,900,000</td>
<td>598,500</td>
<td>675,000</td>
</tr>
</tbody>
</table>

| 6.3.2 Average export value is US$150 per carat as cited by Thorna and Heol. Average for Kimberley exports in 2007 was lower at US$131 consistent with smaller pieces that were submitted for certification. |
remained subsidised from other sources, i.e., dealers’ fees, including royalties which are earmarked for developmental, and do not cover administrative expenses.

At this rate, administration of miners may remain subsidised from other sources, i.e., dealers’ fees, including royalties which are earmarked for developmental, and do not cover administrative expenses.

At US$150, a significant rate of participation by Class C miners is needed to cover cost of the Kimberley Process.

It was understood from informants that a strong direction of illicit trade from Gbarpolu was towards Sierra Leone; Mandingo traders in Nimba and Sinoe tend to export to Guinea. Miners and diggers report that Sierra Leone has achieved 50% participation with the establishment of cooperatives. The factors affecting participation will need to be addressed to attain the projected level of participation used here.

### Table 9 Class C mining license revenues

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Class C Licenses</th>
<th>US$ License Fee</th>
<th>US$ Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual 2007</td>
<td>216</td>
<td>150</td>
<td>32,400</td>
</tr>
<tr>
<td>Liberal Projection</td>
<td>5000</td>
<td>150</td>
<td>750,000</td>
</tr>
</tbody>
</table>

At US$150, a significant rate of participation by Class C miners is needed to cover cost of the Kimberley Process.

### Table 10 Diamond royalty rates in MRU

<table>
<thead>
<tr>
<th>Country</th>
<th>Royalty rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberia</td>
<td>3%</td>
</tr>
<tr>
<td>Guinea</td>
<td>5-10% rough; 21% cut</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>5%</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>20</td>
</tr>
</tbody>
</table>


It was understood from informants that a strong direction of illicit trade from Gbarpolu was towards Sierra Leone; Mandingo traders in Nimba and Sinoe tend to export to Guinea. Miners and diggers report that Sierra Leone paid higher prices for larger stones than local dealers, confirming reports that only smaller pieces tended to be taken in for certification. Of the 12,100 carats exported in 2007, 70% was pre-Kimberley stockpile. The level of participation and exports posted within the initial KPCS period does not indicate an advantage for Liberia’s lower rate in relation to illicit trade of diamonds. Informants even favoured higher taxation of up to 10% if part of the proceeds were used for local development. The key determinant was the price of diamond.

### Table 11 Activities statement, GDO, September 1, 2007–November 28, 2007

<table>
<thead>
<tr>
<th>Month</th>
<th>Number of certificates</th>
<th>Carats</th>
<th>Export value</th>
<th>Royalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>September</td>
<td>2</td>
<td>2,866.03</td>
<td>327,963.31</td>
<td>9,838.90</td>
</tr>
<tr>
<td>October</td>
<td>8</td>
<td>11,746.02</td>
<td>1,520,301.97</td>
<td>45,609.06</td>
</tr>
<tr>
<td>November</td>
<td>2</td>
<td>2,466.32</td>
<td>404,728.62</td>
<td>12,141.86</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>17,098.37</td>
<td>2,252,993.90</td>
<td>67,589.82</td>
</tr>
</tbody>
</table>

Source: Government Diamond Office

### 6.4 Costs of artisanal mining on host communities

In some mining towns, the indigenous communities have become small minorities who have lost some of their political power to the mining companies. In Kongba, on Gola territory, the clan chief is Mandingo and he has allocated tribal land; this was previously a traditional role of indigenous chiefs.

Communities are affected by artisanal mining in various ways. Downstream communities resent foreigners for exploiting local/national diamond resources; damaged and eroded roads due to diamond tracking have increased distances for residents who are compelled to use alternate routes. Increased social problems such as gambling, school drop-out rates, the use of marijuana, violence such as rape and the impregnation of young girls are common and a burden on parents and society. These are reported by local governments and communities as increasing problems, which reduce people’s quality of life.

Subsistence farming has been affected due to water diversion and the mining of swamps and traditional cultivation areas. Disturbance of the network of creeks, tributaries and rivers have affected water supply and quality in and outside mining villages and towns.

Forests have receded because of over-mining, such as in Nimba county, which has resulted in limited access to bush meat; bush meat contributed to between 80% and 90% of the animal protein consumed throughout Liberia until the late 1970s (Ajayi, 1979). Hunters from Nimba have transferred to Kongba.

Bush meat is still a significant part of the diet of workers in mining towns. Wildlife resources are being rapidly depleted so bush meat is reportedly now being imported from Sierra Leone and Guinea.1

Surface rents, as a share of royalties, can compensate for opportunity costs, in terms of other land uses. This is not a feature of the fee structure. Neither are mining contributions that can mitigate impacts and provide much needed social services for communities. Surface rent paid to tribes and tribal owners could partly compensate for disturbance and promote benefit-sharing. Moreover, fees or taxes collected by local governments may provide the means to enforce local resource management regulations.

### 6.4.1 Cost of replacing domestic water sources

In communities where mining pollutes drinking water as well as water for laundry and bathing, hand-pumps have to be built. According to the UNDP CBRP, it costs about US$1,900 to produce a water-well with a hand-pump, and another US$35 to US$50 to maintain a unit per year.

A typical mining town needs at least five hand pumps. In total, US$9,500 is needed for production and another US$250 for maintenance of water sources per year per
town. Maintenance has been a problem, e.g. in Lofa Bridge ten hand-pumps were constructed, and only one was functional at the time of the study. Miners and households drew water from the mined rivers and creeks for drinking and for other household uses.

6.4.2 Farming and reclamation costs

Thousands of open pits surround old mining towns. The tribe in Lofa Bridge estimates that there are more than 7,000 pits within its territory. The Gbarpa Mining Agency has 170 mining claims, i.e. over 4,136² acres of alluvial claims. It is estimated that 25% or over 1,034 of these claims have been mined. Bah town has approximately 375 acres of active mining pits. On the other hand, a larger area of 475 acres has been mined out and is ready for mechanised mining.

Some miners take between five and ten years to exhaust a 25-acre mining claim, depending on the geographical location and availability of diamonds. It was gathered that in places with greater elevation, such as in Nimba, where miners had to reach a depth of eight to nine shovels (1 shovel = 3 feet), before reaching gravel, lesser pits could be worked in a year compared to places with lower elevation and softer soil, e.g. Bomu, Kakata, Cape Mount and Lower Gbarpolu.

Restoration is a cost for artisanal mining. Cost of reclamation is dependent on final land use. It is also dependent on depth and required compaction. Thus, there is a range of reclamation costs in the literature, i.e. between US$340 and US$460, and US$1,140 per hectare if compacted. In contrast, a demonstration reclamation project for an abandoned deep large-scale mine was calculated at $46,800 per hectare. Liberia-specific models were unavailable but for purposes of allocating costs, direct costs would include heavy equipment and fuel, materials and labour. Overhead expenses cover administration and management.

Conversion of a mined-out area for agricultural use makes it a prohibitive proposition. The presence of many pits around mining communities inhibits agriculture production. Impact was disproportionately significant where landholdings were small, as in the case in Zayeglay, Nimba where a farmer had 2½ acres of land and at least 50 abandoned pits from rebel mining that occurred while his family took refuge in Guinea. As of the period of study, there were five new pits being actively worked. The miners did not coordinate with the household regarding their digging operations, nor did they compensate for standing crops that were damaged. This badly compromised the family’s livelihood that was farming.

Such a situation contributed to lower incomes that were noted for non-mining households whose agriculture activities were affected by diggings. Invariably, those affected have been from the original tribes who did not know about mining, and would have chosen not to mine.

To reduce the impact on host communities, some form of disturbance compensation needs to be worked out. The right of landowners to be consulted and to segregate mining/agriculture production sites should also be upheld in conjunction with land-use planning by local governments. Segregation of non-mining areas would be less costly than having to repair damage due to mining.

### Table 12 Potential social and environmental costs of mining

<table>
<thead>
<tr>
<th>Ecological functions</th>
<th>Economic values</th>
<th>Monetary estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct-use values</strong></td>
<td>Artisanal diamond mining</td>
<td>• Average annual income US$790 per miner, US$300 per digger, brokers'/dealers' share</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reclamation cost US$340–460 per hectare</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Replacement of domestic water source US$9,500 for five water pumps per community at US$250 maintenance cost annually</td>
</tr>
<tr>
<td><strong>Indirect use</strong></td>
<td>Watershed, safe domestic water source, fisheries, wild game, wild fruits, medicine, fuel wood, climate stabilisation, etc.</td>
<td>• Charcoal 87 metric tons per rural household</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fuel wood 7,357 metric tons per rural household2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• US$1,900 per water pump plus a US$250 maintenance fee – replacement value of water supply</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Bush meat – high percentage of protein consumption</td>
</tr>
</tbody>
</table>

6.5 Environmental and other opportunity costs

Environmental costs are economic costs. Mining is a temporary land use but its impact on productive resources such as forests may be permanent if land use is not restored. On the other hand, rehabilitation of mine sites, which is happening with a project undertaken by the Green Advocates, is costly.

Unless, restoration is built into cost of operations, it takes up resources which may include future national loans for rehabilitation that otherwise could be used for development or welfare services.

The table below shows some direct costs as well as opportunity costs of mining. The third column indicates values for some alternative land uses. The monetized costs reflect the need for environmental management and investment of revenues to develop alternatives to mining since it is clear that monetized costs far outweigh short-term benefits of artisanal mining.

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1 The Household Consumption of Forest Products, FAO Document Repository.
2 (500ft + 500ft) = 1,060,000 sq. ft – 24.3342 acres less than 25 acre mining claim.

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6.5.1 Mining and ecotourism

According to the Department of Tourism, estimated earnings from annual registration fees for tourism entities like hotels, beaches, guesthouses, parks, gardens, etc. is US$65,000. With Liberia’s rich natural resources, ecotourism has been proposed as a possible source of local jobs for forest communities, while still preserving biodiversity...
and ecological values of critical sites, such as the Sapo National Park. It can also create an additional market for food production and mainstream tourism and allied industries, e.g. handicrafts, transport, tour operators, etc. On the other hand, the trend towards mining in natural forest reserves affects their viability as ecotourism destinations.

### 6.5.2 Artisanal mining and food security

The 2006 Crop and Food Security Assessment for Liberia (CFSNS) established that 87% of Liberians purchased all or some of their rice for consumption; 52% consumed cassava that they purchased. For urban households, nearly all of the rice, cassava and vegetables consumed were bought. The dependence on imports, especially for rice, has resulted in a government programme to promote food security.

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Libraries produces 635 thousand metric tons of cassava per year. The CFSNS estimated average rice yields for some of the counties that host artisanal mining. At the prevailing prices of rice per 50 kg at around US$23, the estimated value of rice production per acre is between US$1,400 and US$1,800. Swamp areas are traditionally used to plant rice; these are also prime areas for artisanal mining. Other parts of a mining claim may be forest or have other land uses. For purposes of comparison, projected rice production for a 25-acre area equivalent to a mining claim is shown on Table 13. While Liberian agricultural productivity is low by African and world standards with the above values showing minimum annual yields using current technology, the figures show even then that agriculture represents a higher use for the land. Moreover, increased rice production can save on foreign exchange to substitute for rice imports that are about 45% of total consumption.

<table>
<thead>
<tr>
<th>County</th>
<th>Total rice yield per ha in kg</th>
<th>In kg per acre</th>
<th>Money value of rice per acre at prevailing prices</th>
<th>Projected annual value of rice production for 25 acres equivalent to one mining claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boni</td>
<td>6,700</td>
<td>2,711</td>
<td>US$1,247.06</td>
<td>US$31,176.50</td>
</tr>
<tr>
<td>Nimba</td>
<td>8,410</td>
<td>3,403</td>
<td>US$1,565.38</td>
<td>US$39,134.50</td>
</tr>
<tr>
<td>Sineo</td>
<td>8,180</td>
<td>3,310</td>
<td>US$1,322.60</td>
<td>US$38,365.00</td>
</tr>
<tr>
<td>Margibi</td>
<td>6,050</td>
<td>2,448</td>
<td>US$1,126.08</td>
<td>US$28,152.00</td>
</tr>
<tr>
<td>Grand Gedeh</td>
<td>9,640</td>
<td>3,901</td>
<td>US$1,794.46</td>
<td>US$48,861.50</td>
</tr>
<tr>
<td>Bong</td>
<td>6,340</td>
<td>2,566</td>
<td>US$1,180.36</td>
<td>US$29,509.00</td>
</tr>
<tr>
<td>Cape Mount</td>
<td>8,070</td>
<td>3,266</td>
<td>US$1,502.36</td>
<td>US$37,559.00</td>
</tr>
<tr>
<td>Liberia (average)</td>
<td>7,780</td>
<td>3,148</td>
<td>US$1,448.08</td>
<td>US$36,202.00</td>
</tr>
</tbody>
</table>

Source: Ministry of Agriculture, Liberia

### 6.6 Potential impact of large-scale mining on artisanal mining

Due to hard working conditions and uncertain income, many diggers prefer to work for large-scale mines or for fixed wages wherever it might be available.

The presence of AMA in Kongba demonstrates the potential impact and potential problems. AMA projects a maximum of 200 workers when fully operational. It will be unable to absorb a sizable percentage of the artisanal mining workforce. Already, relations are tense indicating that a peaceful mode of co-existence between large-scale mining and artisanal miners and communities needs to be established.

#### 6.6.1 Revenues from large-scale mining

If kimberlites are found, increased royalties can be expected due to increased productivity and facility of collection. But at 3% royalties, revenues are unlikely to make a big dent on poverty. Sierra Leone, which charges 5% royalties, is still in the UN’s list of the world’s Least Developed Countries.
License fees for 64 exploration and mineral development agreements covering 13,034,216 acres raised US$305,000 for 2007. In many cases, nominal surface rentals were unpaid. For instance, records show that the American Mining Association has not paid rentals for many years. This highlights administrative and regulatory challenges in realizing the potential contributions of large-scale mines to local and national development.

<table>
<thead>
<tr>
<th>Table 14: Mineral exploration rights, acreage and license fees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company</strong></td>
</tr>
<tr>
<td>Arica Aura Resources</td>
</tr>
<tr>
<td>AmLib United Minerals, Inc.</td>
</tr>
<tr>
<td>Akewa Global Services</td>
</tr>
<tr>
<td>BHP BILLITON</td>
</tr>
<tr>
<td>Broadway Consolidated Ltd</td>
</tr>
<tr>
<td>Broadway Mineral Resources, PCL</td>
</tr>
<tr>
<td>Crayton Development (Liberty Group)</td>
</tr>
<tr>
<td>Devoston Mining Company</td>
</tr>
<tr>
<td>Ducor Minerals, Inc</td>
</tr>
<tr>
<td>Earth Science</td>
</tr>
<tr>
<td>Geotess International Corporation</td>
</tr>
<tr>
<td>Golden Ventures Incorporated</td>
</tr>
<tr>
<td>G 10 Exploration Company</td>
</tr>
<tr>
<td>Hope International Investment Corporation</td>
</tr>
<tr>
<td>Hummingbird Resources</td>
</tr>
<tr>
<td>Liberia Gold Corporation</td>
</tr>
<tr>
<td>Liberty Gold and Diamond Mining Inc.</td>
</tr>
<tr>
<td>Magma Mineral Resources Inc.</td>
</tr>
<tr>
<td>Mano River Iron Ore Inc.</td>
</tr>
<tr>
<td>Maxtech Ventures Ltd</td>
</tr>
<tr>
<td>Precious Mineral Company</td>
</tr>
<tr>
<td>Sino Gold Liberia Limited</td>
</tr>
<tr>
<td>SubSea Resources DMC</td>
</tr>
<tr>
<td>T-Rex Resources Inc</td>
</tr>
<tr>
<td>Ya River Mining and Agricultural</td>
</tr>
<tr>
<td>Western Mineral Corporation</td>
</tr>
</tbody>
</table>


### 6.7 Competing land use

Artisanal miners are in declared and proposed protected zones, including the Sapo National Park.

The effect of artisanal mining is compounded in national forests such as at Krahn-Bassa, where concession logging has been halted and replaced by pit-sawing. Because of the combined activities of artisanal mining, pit-sawing and agriculture, it is feared that there will not be anything significant left to protect by the time the national government is ready to declare the national forest a forest reserve.

**Gbazon District**

*An oil palm plantation cooperative in Gbazon District replaces forests and traditional cultivation areas.*

*Farm workers flock into the forest to mine diamonds.*

The cumulative impact of mining and plantations is beginning to be evident in the increase of economic activity in protected zones or proposed reservation areas. Without a proper mix of short and long-term sources of income, the experience in Gboe Forest is instructive. Workers...
leave their plantations for artisanal mining in the forest – evident in overgrown bushes and grass under the palm trees. The loss of farming areas to plantations is expected to force many more into small-scale mining.

**Potential areas for review to promote sustainable mining in the mineral development guidelines**

- Add environmental safeguards in mining law.
- License area is totally exploited and not subject to tribal land rights and local resource management.
- Mining as primary land use – artisanal mining in declared and proposed protected zones; large-scale mining preempts forestry development plan.

Competing land uses are indicated in the overlap of plans and activities across different sectors as seen in the following maps for mining, forestry and agriculture. In turn, large-scale mining and forest and agriculture plantations affect small scale mining and expansion into protected zones. These require coordination and integrated planning among the different agencies. It will also be important to rationalize ongoing land use conversion around sensitive areas and address a tendency towards land speculation and concentration by a few.

(The Mineral Property map may be replaced if Roland is able to get map within the week.)

---

**Agro-Industrial Plantations of Liberia**

Legend:
- Protected Areas
- Proposed Protected Areas
- District Boundary
- County Boundary
- Roads
  - Primary
  - Secondary
  - Coastal
  - International Boundary

**Forestry Development Authority (Protected & Proposed Protected Areas)**

<table>
<thead>
<tr>
<th>Plantation Class Area Perimeter</th>
<th>Hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Table containing data]</td>
<td></td>
</tr>
</tbody>
</table>

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**Impact of Liberia’s Mining Policy and the Kimberley Process Certification Scheme**

[Map showing protected areas and forest development.]
6.8 Social impact of artisanal mining and mining policies

Participation in the diamond rush keeps many youths out of school which prevents them from acquiring an education and marketable skills.

Other problems include the reported lack of social cohesion, prostitution, domestic violence, violence in the workplace, and other peace and order concerns attributed to the influx of foreigners and the mobility of workers.

Conditions are approaching conflict levels in certain sites, which may intensify as diggers and communities feel disadvantaged by the greatly increased presence of foreigners.

International organisations and NGOs are helping to address sectoral concerns in some communities, e.g. health and domestic violence, in addition to providing basic social services. Community development programmes and organisations are willing to facilitate social analysis, local development planning and action in mining communities and among miners.

6.9 Land tenure and national security

Access to land and resources is a right and a condition for development, and also a requirement for maintaining peace and national security.

- Land tenure and large-scale mining

Mineral Development Agreements and explorations cover over 13 million acres and account for 64 licenses. While this figure will be reduced after exploration, mining concessions tend to cover thousands of acres.

All key artisanal mining areas such as Weasua, Kongba, Lofa Bridge and Camp Alpha are within approved mineral development agreements and explorations. (See Table 14 for list of MDAs.)

An official of a large-scale mine expressed a view on the incompatible operations of large and small-scale mining, and underscored government’s responsibility to enforce the company’s exclusive rights to concession lands. In his mining concession, communities and miners had threatened to establish an alliance for armed resistance. Elsewhere, fatal violence has occurred, not only in mining areas but on rubber plantations as well.

**Land/Resource access conflict potential**

- Threat of eviction.
- Pressure on fragile environments.
- Non-access eliminates safety nets, e.g. meat, medicine, fuel, housing materials, etc. from forests.
- Workers are unemployable in large mines.

AMA’s concession covers 66,240 acres of forest, hunting grounds, villages and artisanal mines.

---

1 Katrina Manson, S. Leone halts mining after two die in diamond riots, Reuters, 14 Dec 2007.
At a regional level, violence during protests at a diamond mine in Koidu, Sierra Leone in December 2007 ended in the death of residents. The latest violence erupted after demonstrators assembled at the mine’s entrance when the company carried out blasting to loosen the hard diamond-rich rock.1

Koidu Holdings Mining Company is in an artisanal mining town close to Guinea and Lofa, where the discovery of commercial grade kimberlitic diamond resources is viewed as a precursor to similar finds in Liberia.

There are regional examples of coexistence where large-scale miners have recognised land rights of communities, and helped promote sustainable technologies and development of small-scale miners and host communities. Peace and stability have been achieved through social acceptability and consultative processes.

• Rights of surface landowners

Although 97% of Liberia is tribal land, tribal landownership is yet to be recognised. Thus, traditional communities are not in a position to negotiate a share of profits from mining.

“Section 6.3.a Mining License – Holder has exclusive right to mine area.” Field implementers and miners interpret this as an absolute and exclusive right, and not as a privilege which is subject to conditions. Artisanal miners are allowed to exploit an entire 25 acres of licensed area regardless of land use, without consultation with surface owners and without abandonment requirements.

Sustainable mining can be promoted if rights of tribal/surface owners are acknowledged by large and small-scale miners. For mineral development to be equitable and sustainable, customary land tenure and land uses need to be recognised. MLME can anticipate the land reform law and update the mining code and its implementing guidelines consistent with the new mineral policy of Liberia which identifies the importance of settling the land tenure issue. Another aspect is the recognition of the role of local government in land use planning and natural resource management.

6.9.1 Reforming inequity in the industry

The industry fosters values, practices and benefit-sharing arrangements that reinforce dependency, inequity and the cycle of poverty. The unfavourable terms being put forward by would-be investors of a 80/20 percent split of production in favour of financiers, is a departure from the traditional 50/50 percent schemes which needed to be reviewed. With possible backing from international finance2 and powerful individuals, this source of funding assistance allows capital flight, increases the gap between rich and poor, and does not inspire confidence in reform.

The Gold and Diamond Miners and Workers Union advocates for change in sharing arrangements between miners and diggers and other actors. They agree that worker compensation and benefits should be reviewed, among others. They acknowledge the potential of mining organisations in implementing thorough industry changes. They can be empowered to take on greater roles in the reform process.

Union initiatives can be encouraged through facilitation of access to alternate financing, through dialogue with lenders and a review of lending regulations, and by strengthening cooperatives as mechanisms for transparency, benefit-sharing reforms and capital build-up by miners and diggers.

6.10 Technology and the mechanisation of small-scale mining

Haphazard digging without technical guidance raises costs and potential for destruction. Appropriate regulation plus technical assistance can decrease negative impacts and increase efficiency of production.

Miners aspire to improve profits with the financial support of financiers, through mechanisation of operations. This could enhance production, but an upgrade in technology will not automatically improve living conditions. And if care is not taken, mechanisation can be a “double-edged sword” that may result in improved incomes or in increased poverty.

Mechanisation requires less workers (i.e. a maximum of three per pit), and can reinforce concentration of wealth, the flight of capital and inequity, thus societal conflict. Unless revenue generation and sharing schemes are changed and alternatives to artisanal mining are set in place, benefits from increased diamond output may be lopsided and short-lived as depletion and degradation of resources speed up without environmental compliance requirements for small-scale mining.

Implementation of the Kimberley Process and mining policy is the sole responsibility of the Ministry of Lands, Mines and Energy through the Bureau of Mines and its field offices and the Government Diamond Office. But there are potential partners to take on the challenge of artisanal mining reform.

Local government and law enforcement agencies – local courts, police and immigration offices – identified the increasing incidence of problems associated with artisanal mining, and they seek a more active part in the management of local development and mining concerns.

Given resource constraints, there is consensus that adequate enforcement of mining policy and KPCS compliance can be enhanced through coordination and cooperation with all concerned. Identified areas of cooperation are information sharing, logistical support and training.

Local government units seek to coordinate on resource management and land-use planning, and to institutionalise sharing of information relative to designated mining zones and all mining activities within their jurisdiction.

Law enforcement agencies would also like to coordinate on information and seek whatever support can be extended to help them perform their functions, e.g. motorbikes, handheld radios, etc.

Mining agencies tend to handle all administrative and criminal cases pertaining to artisanal mining. Law enforcement agencies would like to retain jurisdiction over criminal cases and be trained on the particularities of mining law.

Because land rights of tribes and surface owners are not affirmed in Liberian law, procedures and processes are not in place in the Mining Code for the recognition of rights of tribes and landowners. Important stakeholders, tribes and communities can be empowered to perform an important role in monitoring of compliance and in the development of mining communities.

Miners are in the process of establishing cooperatives with help from MLME, however the organisation of cooperatives is hampered by the absence of immediate benefits as perceived by cooperatives. However, there are great expectations that cooperatives will become the channel for loans, technical assistance and organisational strengthening.

The gold and diamond union has had internal problems and recently went through a split; the factions account for significant membership. The organisations expect to play important roles in advocating for and facilitating needed change in artisanal and small-scale mining. In addition, a corporate mine has established operations in Liberia that might help set the standard for environmental and corporate social responsibility.

An inter-ministerial body was convened to assist with the launching of the KPCS and the awarding of large-scale mining concessions. Inter-agency coordination is recommended in order to rationalise resource management plans as major sectors launch mega-development projects that will have significant impact on land use and access to resources on the ground. This is the case with large-scale mining and agriculture and forestry concessions. Standards and procedures on aspects of mining also need to be enhanced in collaboration with partner agencies such as the Environmental Protection Agency or Ministry of Labour.

Reform of artisanal mining entails new responsibilities, processes and skills for more inclusive organising of the sector and to address technical concerns. On the other hand, field staff may not be fully equipped for expanded functions including facilitation of miner organizing and community development in mining towns.

Chances for success are enhanced through complementation and cooperation with development programmes and organisations in mining areas. There are local, national and international development organisations, such as the Green Advocates, on sustainable mining, CRS, UNMIl, UNDP, and others with development initiatives in mining communities. Properly coordinated, their resources can also be harnessed for needed change and for the development of alternatives to artisanal mining.

Bilateral, multilateral agency and civil society support is robust in the process of reform. In addition, there are regional and pan-Africa unions, as well as inter-ministerial bodies. Their knowledge and resources can be leveraged to assist the MLME in taking on mining reforms. D4D can facilitate the establishment of multi-sectoral mechanisms and processes for sustainable mining and local development as a collaborative enterprise.
There are no immediate alternatives to artisanal diamond mining in Liberia and it absorbs a high percentage of the population that is unemployed. Given this scenario, the challenge is how to improve participation of the Kimberley Process and help make small-scale mining more productive, socially beneficial and less environmentally costly, while still developing human resources and moving towards economic diversification. The Kimberley Process Certification Scheme had high social acceptability that is in contrast with the low level of participation thus far. While it is early in the process, there are indications that the participation rate is likely to remain at a fraction of its potential due to a mix factors, including the issue of affordability. In addition, artisanal diamond mining has always operated without regulations; the shift to formalisation is difficult to enforce given the scope of operations against limited personnel, logistics and coordination with local agencies. On the other hand, incentives that reinforce benefits of compliance are unavailable but can target expressed needs and aspirations of miners for access to capital, information, technology and diamond prices.

The influx of foreigners is an indication of the low level of enforcement of mining and immigration regulations on the one hand, and the increased levels of diamond business on the other. The latter could be an unintended effect of the Kimberley Process that prescribes disposal of diamonds only by licensed miners and dealers, forcing outputs to be traded illegally.

Incomes in mining towns are way below the threshold of US$1 per day for absolute poverty. Moreover, mining practices tend to exact environmental and social costs that further reduce the quality of life in mining communities. On the other hand, without livelihood opportunities, operations are likely to expand with or without licenses, affecting other economic sectors such as agriculture and forestry.

Mining explorations are underway and there is a good chance of kimberlites being discovered. Preparation for large-scale mining is indicated in line with developments in other sectors. There are early signs to suggest that the conversion of forests and traditional lands into agricultural plantations and cooperatives, tends to send farmers into mining of adjoining forests including proposed forest reserves and the Sapo National Park.

This is an opportune time to fine-tune the implementation of the Kimberley Process and to review other mining policies and procedures such as those pertaining to hot spots and diamond rush areas and the recognition of tribal land rights in mining. During this valuable period, clarifications can also be made on the operation of large-scale mines in relation to communities, artisanal miners and to an integrated resource management plan with with other sectors. Such a plan would manage competing land uses, develop alternatives to artisanal mining and pursue along with members of the Mano River Union a fiscal regime that better promotes national development and wealth distribution.

Reforming the industry for sustainable mining and poverty reduction is an enormous undertaking. Action is needed on many fronts and certain initiatives cannot be short-term. Thus, change will require championship for reform by MLME and D4D. This may mean designating a dedicated unit for small-scale mining within MLME to study and facilitate implementation of an action plan. It also means strengthening the role of mining cooperatives and unions in regulating and developing the sector. Problems on immigration and natural resource management can be addressed in partnership with local governments, EPA, FDA, the MRU and law enforcement agencies. Change can also be facilitated by tribes and local communities having a stake in artisanal mining through increased benefits and the recognition of land rights.

There are other diamond and development initiatives on the ground. With all concerned, the D4D Programme can mobilise support for mining cooperatives and development plans of mining towns. Concrete actions are set within the framework of the Poverty Strategy Paper and Liberia’s post-war reconstruction efforts. The coalition can also help strengthen appropriate structures, systems and practices, including miners’ unions and cooperatives. Thus, the partnership for reform can be the basis for building a broad network for equitable and sustainable mining and as a way to strengthen transparency and trust in the prospect of harnessing diamonds for development.
PART II: Strategy Formulation

Diamonds for Development Programme

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SUMMARY

Diamond mining has strategic significance for peace and poverty reduction in Liberia and the sub-region. Thus, the Diamonds for Development Programme (D4D) is embedded in the UN’s reconstruction support to Liberia.

Part I of the Poverty and Social Impact Assessment on Artisanal Mining in Liberia shows that there are no immediate alternatives. The artisanal diamond mining identifies impacts of mining policies and the implementation of the Kimberley Process on miners and mining communities. Part II documents proposals to mitigate impacts and promote industry reform as mandated in Liberia’s Poverty Reduction Strategy Paper.

The following is a summary of findings and recommendations with inputs from all who were consulted.

Findings

1. Artisanal diamond mining accounts for a significant percentage of informal employment for which there are no immediate alternatives. On the one hand, limited productivity, negative social and environmental impacts, lack of distribution of benefits for workers and communities, all affect its viability as a sustainable livelihood option.

2. The Kimberley Process is a framework to rationalise extraction and trading of diamonds with licensing of miners as a first step. By itself, it is not likely to make a dent on poverty. At current rates, projected royalties and license fees are unlikely to cover the administrative, training, social remediation and environmental costs of artisanal mining – even with increased levels of productivity and participation.

3. Despite a steep reduction of a miner’s license (from $450 to $150), participation was slow to pick up. There was willingness to pay license and fees. However, affordability was a problem under post-war conditions.

4. Traditional supporters were not able to infuse production capital, especially brokers whose resources were tied up with licensing of miners. There was potential for conflict as refugees returned to find they had lost or stand to lose their mining claims while faced with uncontrolled competition by foreigners.

5. Diamond recovery is estimated at 25% – 40%. A challenge for artisanal diamond mining is to increase its productivity and reduce its environmental, economic and social costs.

6. As practiced, mining by mobile miners, leaves many areas unsuited for farming making incomes in host communities even less than those of diggers which are way below the poverty line. Mining towns are covered with thousands of exposed pits with many more being made under haphazard digging practices that do not acknowledge rights of surface owners. Division of water affects farming and surface drainage. Trees with economic value, along with farmers’ crops are destroyed while water borne diseases breed in stagnant waters of open pits.

7. In addition, there is still potential for political instability. Some mining areas remain under the control of former warlords or their supporters. Through the long war, factions held territories and arbitrarily apportioned mining claims to their generals who expect to operate assigned mining claims in perpetuity.

8. The increasing role of foreigners in artisanal mining is a concern to diggers, local communities, local governments and immigration authorities. Enforcement of mining and immigration rules is complicated by cross-border ethnicities. In addition, foreigners also serve as laborers in mine pits that are not favourable by Liberians. They provide capital as well as access to the external market for illicit diamonds – indicating the critical importance of alternative sources of capital, cross border cooperation and direct benefits of participation in initiating and sustaining aspects of mining reform.

9. The situation in heavily-mined areas foreshadows an emerging problem for artisanal miners. Some sites now require mechanisation to reach deeper levels to be productive. Miners and diggers from such areas have been forced to shift from alluvial mining to mining in virgin forests – a trend that accounted for an estimated 80% of miners in a Nimba town and similarly high percentages in old mining towns like Kakata and Weasua.

10. Depletion of surface diamonds was observed where only 2 – 4 of every 10 pits were diamond producing. For this reason, miners favour mechanisation especially of old pits. Mechanisation by small-scale miners can increase efficiency and maximize productivity of mining claims. But it also brings forth a generation of challenges to be managed.

11. Control of resources and concentration of wealth fueled Liberia’s civil war. Mechanisation can reinforce traditional resource use and benefit distribution patterns unless care is taken to democratize access to resources and realize artisanal mining’s redistributive potential. Heavy equipment eliminates the work of diggers. Mechanisation requires enormous capital which could tie miners to unfavourable investment deals. On the other hand, benefits of mechanisation can be facilitated with measures to distribute these to communities and mining cooperatives, to manage environmental and social impacts and to speed up diversification of the economy.

12. It is anticipated that Liberian diamond production will be from two types of operations - artisanal diggers and organised mining by public or private companies. Thus, a mode of co-existence between large and small-scale mining needs to be encouraged.

13. Finding commercial grade kimberlites is likely, as happened in adjoining countries that share Liberia’s geology. Active prospecting is underway at least 63 licenses. Once found, it would take time to develop large-scale mines. This would be time needed for social preparation. The potential for conflict between large-scale mines and miners/ communities is even now demonstrated in certain sites suggesting the importance of safeguards on tenure security and of high standards for environmental and corporate responsibility for mining companies that may operate in Liberia.

14. An emerging picture is that of sectoral strategies affecting and being affected by artisanal diamond mining. There is evidence that forestry concessions and agriculture plantations fuel land speculation. Since forests that were converted to plantations do not provide steady income, miners and diggers tend to fall back on artisanal mining in forests for work.

15. Artisanal mining in diamond rush areas such as at the Sapo National Park highlights the urgency of establishing cooperative mechanisms to manage mining in such sites and to address ongoing expansion of artisanal mining in protection forests.

16. There are values, relationships and practices in small-scale diamond mining that are not sustainable. These include inequitable benefit sharing as well as unsafe work and environmental practices. There is also a tendency to depend on established patron-client relations with beliefs that discourage investment when diamond discoveries are made. Non-consultation of tribes and surface owners in mining does not allow them to share in the benefits nor assist in resource management.

17. The study indicates the scope of problems as well as the magnitude of assistance that is now needed by miners to start up diamond production after the war.

18. There are limited resources – at MLME, EPA, and immigration and other partner agencies. D4D, with other diamond initiatives, can leverage existing resources for priority needs and project components.
Strategy Formulation

19. To make a dent on poverty, small-scale mining needs to be more productive, more equitable and less socially and environmentally-costly. Thus, the overall objective of artisanal mining reform is to promote sustainable mining. Specifically, objectives are to eliminate political instability, improve productivity and promote more equitable distribution of benefits and environmental and human conditions of workers, tribes and host communities.

20. A component of strategy is policy review. The discussion under policy review urges treatment of the poverty/security/environmental linkages in mining. Proposed outputs are a mineral development strategy, an updated Mining Code with Implementing Rules and Regulations for the Code and for Small Scale Mining. Implementing Guidelines shall specify the requirements and procedures for good small-scale mining practice and sustainable development of mining communities.

21. Policy review shall address cross-cutting concerns on natural resource management planning and rationalisation of competing land uses, cross-border cooperation within the Mano River Union, management of mining in critical forests, land rights, improvement of environmental impact assessment and labour, occupational health and safety standards, and devolution of resource management functions to local governments and other local institution as well economic diversification to prepare alternatives for miners and mining communities.

22. In this light, recognition of land tenure of tribes need not await the passage of Liberia’s Land Reform Law. Land tenure security is fundamental to sustainable mining. Recognised in Liberia’s Mining Policy, procedures shall reflect these in an updated Mining Code and its Implementing Guidelines.

23. As a sector that touches the lives of many Liberians and that figured in the long civil war, industry review is an opportunity for dialogue about sustainable mining, poverty, and equitable development. Participatory planning and implementation, transparency and support for improved benefits, and technology recognition of land rights – build confidence in the prospect of lasting change.

24. At the local level, community organising techniques help build consensus on the goals of reform and mechanisms and rules to attain them. A feature is cooperative formation and strengthening of unions and industry organisations for administration of mining and diamond trade.

25. Information dissemination on the Kimberley Process and education on good practice/improved technology are essential. D4D and network support to miners and communities shall be linked as incentive for mining reform – in the areas of credit, livelihood, technology, access to better prices, training and sustainable livelihood options. Assistance shall be channeled to mining and community organisations which shall provide the framework for transparency and good governance within the diamond industry.

26. Resource generation and coordination is an important activity for the coming period. D4D resources and those of donor agencies may be augmented by those of existing programmes for national reconstruction. Sustainable mining also becomes a basis for new partnerships for instance with banks and non-traditional credit sources and fair trade organisations, including organised Liberians abroad.

27. Artisanal diamond mining reform shall involve communities and mining actors in every stage of mining reform – from planning, implementation and monitoring. As a cooperative undertaking, the vision is for mining unions, brokers and dealers organisations and cooperatives to commit to self-regulation. Where coordination with local government, immigration and local police improves implementation of mining, land management and immigrations laws and where procedures to acknowledge land rights of tribes and landowners gives them a stake in these same processes.

28. Mining community development shall be advanced through facilitation of community planning to address mining concerns. Plans are supported by community development funds and of mechanisms and procedures for tribes and communities to deal with mining concerns and develop livelihood alternatives. Support to miners and mining communities can be targeted in existing programmes that implement the Poverty Reduction Strategy Paper (PRSP), including county and sectoral plans such as the Liberia Employment Action Plan (LEAP) and in coordination with other development organisations. Support for plan implementation shall be designed to reinforce changes in benefit sharing arrangements, encourage self-regulation by mining cooperatives, strengthen tribal and community roles in resource management and develop sustainable alternatives to artisanal diamond mining. Within the context of the PRSP and natural resource management plan, cooperation with agencies, civil society and NGOs empowers communities to participate in planned change.

29. Development of sustainable mining is based on shared vision. Reform may take some time. As the key advocate for sustainable mining, MLME shall strengthen staff capability and operating procedures for social accountability, transparency and stakeholder participation. Through advocacy within MLME and D4D partners, mechanisms and processes for multi-sectoral cooperation on sustainable mining are institutionalised possibly beyond the existence of D4D as a programme.
PART II
STRATEGY FORMULATION
DIAMONDS FOR DEVELOPMENT PROGRAMME

There are no immediate alternatives to artisanal mining in Liberia. Potential benefits are substantial employment that does not occur with large-scale mining, reduced rural-urban migration and incomes that spur the local economy and provide capital for rural development. While it absorbs labour, potential benefits have not been fully realized, while negative externalities tend to exacerbate poverty. But until livelihood options become available, indications are that small-scale miners are here to stay. Moreover, indications are that large-scale mining, forestry reserves, concessions and agriculture plantations will tend to further expand the sector. Given this scenario, the challenge is how to help make small-scale mining more productive, socially beneficial and less environmentally-costly while generating social capital to develop human resources and economic diversification.

SOME FINDINGS OF PSIa

- There are no immediate livelihood alternatives to artisanal diamond mining
- There are interim and long-term measures to increase participation in Kimberley Process
- Access to finance is critical
- Estimated 25% - 40% diamond recovery rates needs improvement
- Disputes over mining rights has potential for conflict
- Land rights and competing land uses need to be addressed
- Artisanal mining is a socio-economic and national security concern
- Role of government and development partners is important to legalize and improve the sector
- Potential role of large mining companies to help small scale miners and host communities
- Essential that miners organise not only for mining but for other initiatives
- Mining cooperatives/uniions as framework for monitoring, delivery of assistance, diversification, attitudinal changes and reforming benefit sharing arrangements and other practices

The diagram indicates several streams affecting poverty in artisanal diamond mining areas, suggesting that a solution has to take an integrated multi-sectoral approach. The green circles indicate possible areas of intervention from within and from outside of the industry. Change can be initiated within the sector at the policy and community levels. Also needed is a supportive policy environment that recognises land rights and programmes to promote education and diversification of the economy.

The flow chart below depicts artisanal diamond mining as trapped in a cycle of poverty and environmental degradation. The reemergence and possible expansion of large-scale mining can bring economic opportunities; but unless care is taken, corporate mining together with the expansion of forestry and agriculture plantations, could badly impinge on the ability of mining communities to cope. This may lead to social conflict.
The aim of reform is to move towards sustainable mining.

The traditional definition of sustainable development speaks of development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (Bruntland Commission, 1986)

Sustainable development also means that above all, future generations have as many opportunities as, if not more than, we have had ourselves. This is achieved by building capital. (Ackerman, 1988)

Sustainable mining/development encompasses human, environmental and technological aspects. Liberia’s history of diamond exploitation underscores the importance of adding equity as a principle for mineral policy reform.

Opportunities in Reforming Artisanal Diamond Mining

- Key mining sectors are willing to reform industry and customary benefit sharing arrangements
- Poverty Reduction Strategy Paper integrates mining reforms
- Cooperation with national and international NGOs on artisanal mining and local development can be enhanced
- Miners, diggers, communities aspire for higher education and change
- Multi-sectoral approach to good governance and natural resource management initiatives exists in Liberia
- Regional and African Diamond Organisations are active
- Existence of Forestry Development Plan
- Land Reform Law and Mineral Policy are being developed
- Fair trade movement and high international standards for environmental compliance and corporate social responsibility exist

The poverty and social impact assessment and internal assessment of implementing agencies suggest that changes need to be facilitated.

By itself, the industry is not in a position to establish sustainable mining communities. Workers and miners lack information, political power, capital and technical resources. Other agencies and local governments do not have a role in mining nor do they have land use plans. These create the danger that Mining Development Agreements or timber and rubber plantations preempt the preparation of an integrated resource management and rational local land use and zoning plans. The MLME lacks resources and will need to strengthen staff capacity to implement thorough-going reform of the industry.

Implementing guidelines and incentives are also needed to improve productivity, benefit sharing, safety, labour, environmental standards and compliance with the Kimberley Process.

If trends persist, there is the possibility that the Kimberley Process will continue to be subsidized, thus a drain on the economy. Without change in the management of natural resources, communities can become even more vulnerable and entrenched in poverty. Vested interests in positions of power can also capture the process of reform. Thus political will and champions are needed to harness resources, build consensus and lead stakeholders in transforming the sector for development.

On the other hand, significant positive factors are the recognition of the need for change within the industry, the presence of international support and a strong civil society, as well as sectoral initiatives to update policies on lands, forestry and mining. There is a pool of technical resources involving Liberian professionals in and outside the country which is ready to contribute to the reform process. There are regional, African mining and other forums for coordination and exchange of experience. In addition, there is time to prepare for large-scale mining.
**DIAMONDS AND DEVELOPMENT PROGRAMME**

The Diamonds for Development Programme (D4D) is embedded in the UNDP’s support to the Government of Liberia as it makes progress towards the Millennium Development Goals. It is a framework for multi-sectoral and cross-border cooperation towards sustainable mining and poverty reduction.

As presented in the diagram below, D4D will pursue a combination of local, national, and sub-regional initiatives to develop equitable, transparent, and accountable management of mineral resources.

### 3.1 Vision, Mission, Goals

The **Vision** is to establish sustainable diamond mining communities.

The **Mission** is to strengthen miner groups and local structures (unions, cooperatives, local governments, tribes, coordination structures, etc.) to be able to benefit more and participate better in resource management.

The **Goal** is to have mining operations with greater and more equitable distribution of benefits and with enhanced environment and human conditions of workers, tribes and host communities.

### 3.2 Objectives

D4D shall support:

- Policy reform towards sustainable mining
- Improvement of productivity and distribution of benefits
- Strengthening transparency and good governance
- Strengthening of processes for stakeholder participation

The programme aims to increase the amount of revenue received by diamond producing communities. It also aims to help alleviate technical and financial constraints, improve living and working conditions and address inequity through benefit sharing arrangements.

### 3.1.1 Policy Review

A key strategy is to review policies and procedures as well as legal, fiscal and regulatory frameworks. The review shall promote an integrated development framework and consistency with the principles of sustainable mining and improved contribution of artisanal mining to poverty reduction.

### 3.1.2 Partnership Strategy

D4D shall solicit stakeholder support and facilitate coordination and complementation with other development initiatives to maximize benefit from limited resources.

### 3.1.3 Community Organising and Development

Community organising techniques will be used to build a consensus on goals for reform and to develop mechanisms and rules to attain them. A feature is cooperative formation for management of mining and the establishment of community development funds for mining contributions for communities. It will also encourage natural resource management planning by tribes and local government. D4D and network support to miners and communities serve as incentive for mining reform. This would be in the areas of credit, livelihood, technology, training and other forms of assistance. It will also entail support for sustainable alternative livelihood options.

### 3.1.4 Promotion of Transparency, Good Governance and Participatory Processes

Good governance is a pillar of UNDP support to post-war reconstruction. Roles and mechanisms to improve transparency and stakeholder participation in project implementation and monitoring shall be established.

### 3.1.5 Education, Awareness Raising and Improvement of Technology

Change is facilitated through dialogue and improved flow of information.

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4 Ibid
The proposed plan is essentially from the point of view of MLME as the lead implementing agency for reform. Gaps are identified where assistance can be provided by the Diamonds for Development Programme in coordination with other donor agencies and civil society. In this sense, D4D is also sometimes used in reference to the multi-sectoral support network for sustainable mining that is yet to be established.

Components of the proposal address policy and operational concerns, thus both immediate and long term undertakings. These affect benefit flow, technology, institutional mechanisms and processes which promote participation and transparency.

5.1 Addressing Constraints in KPCS Implementation

The Kimberley Process Certification Scheme (KPCS) is based on the formalisation of diamond mining and trading. While PSIA surveyed areas have been reached for information dissemination on KPCS, many other hard to access areas have not heard about the programme.

Another challenge to formalisation is that artisanal mining in the region has always been unregulated. Moreover, due to lack of capacity to enforce regulations, non-compliance poses no special disadvantages. Thus, to increase KPCS participation, the challenge is to be able to confer benefits and incentives through licensing or cooperative formation.

The initial pattern shows that miners who were most interested to renew their licenses were those who faced the immediate threat of losing their mining claims to other applicants. Among them, many faced the problem of being unable to pay license fees.

It is a different matter for those who are prospecting or mining outside delineated mining claims such as in forests, diamond rush areas or distant creeks. For these miners and diggers, there is no pressure for compliance whatsoever. And as long as immigration laws are not enforced, this would be true for foreigners as well. For this class of miners and traders, disincentives for non-compliance are needed.

Some expected services and benefits from licensing are:

- Access to credit – for tools and expenses
- Access to information and technical assistance on prospecting, valuation, etc.
- Access to alternative markets and improved prices
- Access to technology or machinery that can increase productivity
- Security from disputes

5.1.1 Continuing Information Dissemination on KPCS

Awareness raising on the Kimberley Process...
Facilitate access to credit – including from traditional trading partners but under altered terms - e.g. from dealers who stopped providing support

Tie in licensing with benefits – e.g. training and technical assistance, etc.

Moratorium on illicit diamonds – e.g. diamonds from prospecting to pay license

Improve collection mechanism – e.g. automatic deduction at point of sale by authorized representative

Involve local institutions in enforcement of mining violations

**Review Payment Terms**

For the first class of miners who face the threat of losing their mining claims to competition, there is willingness to pay but low affordability to pay licenses. For this group, lack of capital is a barrier to Kimberley Process compliance since only licensed miners and traders can legally trade diamonds.

A key dimension of affordability relates to timing of license fee payments. This coincides with simultaneous but one-time payment of survey and prospecting fees. Brokers also request staggered payment schemes since some are responsible for processing license fees for as many as 70 miners.

A schedule of payments or a mode of collection can be worked out as an interim post-war measure without necessarily lowering fees to a point where it undercuts their intended objectives.

**Moratorium on Illicit Diamonds**

A suggested means that might be considered is to allow miners without license to come in for certification of their diamonds with arrangements for license fees to be collected at the point of sale. This can be facilitated by establishing buying stations or having dealers deputized to collect license fees.

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**5.1.3 Strengthen Mining Cooperatives**

Access to finance is difficult for small-scale miners who are considered high risk borrowers. Cooperatives, which are being organised, can be used as a platform to access credit, markets and technical assistance. Miners see these as benefits for cooperative membership. The D4D network can direct available assistance through cooperatives.

In turn, cooperatives can facilitate management of a regulated industry by monitoring, collecting contributions, and helping enforce artisanal mining standards. Thus, mining cooperatives and unions can act as means for good governance within the diamond sector.

MLME and D4D partners can strengthen cooperative formation through:

- Facilitation of access to credit, technology, improved prices
- Education and awareness
- Training – e.g. cooperative management, new mining technologies, diamond identification, valuation and classification, environmental reclamation, entrepreneurship, values clarification, etc.
- Implementing reforms in benefit sharing arrangements
- Implementing labour, safety and environmental standards
- Facilitation of values clarification among miners and diggers to encourage saving and capital formation
- Installation of mechanisms for recording and reporting of output and transparency, savings and capital accumulation, monitoring of environmental and KPCS compliance, collection of dues and repayment of loans
- Implementing provisions on mutual aid of members

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**5.1.4 Facilitate Credit Access**

Credit is not available to small-scale miners which are considered high risk borrowers. While change cannot be realized without access to credit, miners have little knowledge of size of deposit which makes it hard to get formal financing. For the same reason, international experience shows that funds must be outside of government.

It is the hope of miners to be able to access credit through their cooperatives – and for diggers to become miners. Cooperatives can facilitate and guarantee repayment by members, whether for artisanal mining operations or to graduate to Class B mining.

In this connection, the only barrier to becoming Class B miners is lack of financing. In Lofa Bridge and Nimba where many areas are considered over mined, the goal is to shift towards mechanisation. The use of heavy
equipment is expected to increase production since it is the experience that there are greater diamond finds at deeper levels.

Big miners who had owned Caterpillar machines got the break from financiers. For at least two miners, diamonds from a single pit fully paid up cost of heavy equipment. With initial assistance, cooperatives can pool their resources to be able to own their own machines and release them from dependence on external financing.

While government funds need not be tied up in lending operations, it can help broker fairer deals between private enterprise and cooperatives. An offer of eighty-twenty sharing arrangement in favour of investor of heavy equipment is going around.

A challenge for D4D is to help develop alternative credit sources. If D4D network funds are allocated for short-term credit to cooperatives for this initial phase, it can be managed as a loan fund that may be administered by a bank or the proposed Diamond Marketing Board and tied to the implementation of reforms – e.g. KPCS and environmental compliance, changes in benefit sharing, etc. The gold and diamond workers union is being assisted by a humanitarian NGO to address the credit issue. With coordination under D4D, such programmes can become part of the overall support for the comprehensive set of changes that are proposed.

Private sector resources shall also be tapped. This may include regular banks and credit sources such as was done in Nigeria which introduced the Small and Medium Scale Industries Equity Investment Scheme. It is a form of joint venture initiated by Intercity Bank Nigeria where cooperatives stand to benefit from bank's expertise. Government also approved the Small Scale Mining Credit Guarantee Scheme.

In the same way, government can provide incentives for private sector participation – for financial institutions and other programmes that cater to credit needs of artisanal and Class B miners through affordable short or long term loans.

- **Deputize Local Diamond Buyers and Promote Banking and Saving**

  Some miners ask brokers to keep cash for them so there is expressed need for banking or equivalent facilities. This would encourage saving and capital accumulation. Saving should be promoted by cooperatives as an alternative to dependence on external financiers and to beliefs that diamond earnings be spent lavishly.

  In addition, miners suggest that banks or their equivalent serve as local buying centres for diamonds. This would address security problems of transporting large stones and miners need not spend for travel to Monrovia. This can eliminate one advantage of illicit traders who are easily accessible to miners.

  Training in personal and business finance would be useful for miners and brokers to better manage profits and investments.

### 5.1.5 Reduce Leakage

Annual production estimates for the UN sanction years was anywhere from 150,000 to 200,000 carats. This is in contrast to 17,000 carats submitted for KPCS certification for part of 2007. This means a potential loss of royalties of at least US$598,500 at 3% for the lower end projection of 150,000 carats. At best, recovery of diamonds was 11% of projected annual production. The present level of foreigners is seen as having a positive correlation with levels of undocumented diamond trading.

- **Encourage More Equitable Distribution of Benefits**

  Leakage is believed to occur at every level before reaching the international market. D4D can advocate for installation of transparency measures at every level and facilitate the reform of systemic inequity in traditional sharing schemes. Miners and brokers estimate that “diamond stealing” by diggers can be as high as 50%. Whether or not this is an accurate estimate, it is indicative of revenue losses though the marketing chain.

- **Improve Compensation and Working Conditions of Diggers**

  Leakage at the level of the diggers is a function of inequitable compensation.

  A framework that can be used to review and negotiate changes in benefit sharing arrangements is to make diggers as partners in mining. Contribution of parties in terms of the factors of production - land/mineral resource, capital, labour and technology would show that labour (diggers) and land (state and traditional owners) are not properly compensated. It indicates that the miner, unless he/she financed operations, gets half of profits without making an investment in contrast to diggers who share the balance regardless of their number or time spent.

  The Gold and Diamond Miners and Workers Union plans to bring up among its members the payment of fixed wages for diggers. A fresh partnership arrangement is then worked out through dialogue. Minimum standards in compensation and working conditions shall be mandated by MLME and the Labour Ministry.

  Voluntary measures for reform shall also be encouraged between miners and brokers as well as between brokers and dealers. This shall be facilitated through dialogue and the institution of transparency measures.

- **Potential Profit Sharing Scheme.** There is a practice in artisanal diamond mining that has potential for adaptation so that diggers can get a share of profits. Miners pay for water pump use by setting aside for the owner two cans of gravel per day. A miner-water-pump-owner reported having been able to pay cost of his water pump from a day’s share of gravel.

  In the same manner, gravel can be set aside for diggers. Any rough diamonds from the diggers’ share of gravel can augment their income. The mechanics of this can be mutually worked out as a profit sharing arrangement. This recognises that diggers bear the greatest risk when a pit is not productive. Thus, they should have a fairer share when output is good. This is therefore in addition to the prevailing compensation scheme. It is also in addition to a minimum wage, plus adequate food or whatever will be negotiated as fair compensation in the future.

  The proposal can be discussed with the miners and diggers union which can facilitate discussion among its members. Voluntary review of benefit sharing arrangements is encouraged through education and by making this a criterion for credit, etc.

  A miner-broker has installed water pumps in some communities where he operated. Similarly, brokers can be encouraged to contribute to community development funds.

- **Safe Drinking Water and Improved Food Allocation.** Another direct means of improving benefits of small-scale mining is by improving work arrangements/environment. Miners should have a fairer share when output is good. This is therefore in addition to a minimum wage, plus adequate food or whatever will be negotiated as fair compensation in the future.

  The proposal can be discussed with the miners and diggers union which can facilitate discussion among its members. Voluntary review of benefit sharing arrangements is encouraged through education and by making this a criterion for credit, etc.

  A miner-broker has installed water pumps in some communities where he operated. Similarly, brokers can be encouraged to contribute to community development funds.
their families. Cooperatives shall monitor that fair sharing/labour practices are observed by members. These shall ensure that diggers and miners are informed of their rights and responsibilities and establish mechanisms to deal with related complaints.

- **Promoting Transparency in Benefit Sharing.** Transparency shall be promoted at every level through mechanisms that are agreed upon.

A miner-broker demonstrates that the practice of transparency can be established. This is done through full documentation of expenses and disclosure of the price received for diamonds. Moreover, the miner is free to bring his diamond to other brokers to secure a higher price. The miner then pays back his investor at his rate. A similar practice can be adopted by all brokers and investors to promote trust and fair play.

With advocacy for transparency, sectors are encouraged to discuss and agree on their procedures to make this happen. This is true at the level of cooperatives, the diamond and workers union, and brokers and dealers organisations.

- **Disposal of Confiscated Diamonds**

To promote compliance by miners in relation to diggers, a mechanism shall be established at the cooperative, union or other levels that could take up dispute settlement on benefit sharing.

- **5.1.6 Addressing Mining and Trading by Aliens**

The Mining Law does not allow aliens to hold Class C license for artisanal diamond mining. There are particularities to the problem indicating that different sets of solutions may apply to address regulatory, enforcement, incentives and capital constraints.

Aliens operate under at least 4 systems; each may require a distinct set of responses. The first entails foreign miners and diggers who establish their own pits usually near the border. Second, a Liberian miner, whether licensed or not, fronts for a foreigner due to lack of capital. Third, due to lack of Liberian diggers, miners hire alien workers. Fourth, are composed of foreigners who trade illicit diamonds. Some may be documented aliens who can cross the borders freely but may be engaged in illicit diamond trading.

**Recycling of Illicit Production.** A decision is needed on the treatment of diamond output of foreigners. Should existing illicit diamonds by foreigners be authenticated? What incentives can be given foreigners who turn in diamonds found in Liberia? Within a given period, can amnesty be enforced to allow foreigners to be documented and turn in their diamonds? What fees shall they pay? Since many act as brokers, should they be allowed to apply for brokers’ license?

An option is to set a time frame to account for diamond production by foreigners to accompany an alien registration drive in coordination with immigration authorities. A fee may be collected with a stipulation that after a given period, aliens caught without proper documentation will be fined, etc.

**Licensing of Foreigners as Brokers.** Foreigners act as financiers, brokers and dealers. But only Liberians can get a broker’s license. Law enforcers find it difficult to distinguish between aliens and Liberians. In addition, Lebanese participate in the industry also as miners and brokers. Liberian law allows only Africans to be naturalized. Many Lebanese who were born in the country are law foreigners who cannot apply for license as Class C miners or brokers.

Documenting and licensing all who trade diamonds may be considered as a means to place alien brokers within the regulatory framework. Then, it can be stipulated what they are allowed and not allowed to do, which can be a basis for monitoring by mining and law enforcement authorities. However, this decision would mean updating the Mining Code on nationality of brokers.

**Foreign Diggers of Liberian Miners.** Miners in non-diamond rush areas sometimes import diggers due to lack of local workers – e.g due to gold or diamond rush elsewhere. If aliens are allowed to work for miners under given conditions, miners shall be accountable for reporting foreign diggers in their crew. This will facilitate documentation of all aliens who may be allowed to work in the country subject to immigration rules.

While worker importation is by no means encouraged, it is a reality that has to be addressed in consultation with concerned sectors, especially with the GODIMWUL, local governments and immigration authorities. A phase out period, a cap to the number of imported diggers (e.g. not more than 3 per miner) and a bond or other applicable requirements may be established to discourage sponsorship of foreign workers. Self-regulation can be established through reporting formats and rules for cooperatives and the union.

Labour scarcity considerations should not be relaxed in diamond rush areas such as Sapo and other critical forests where alien miners and diggers should not be allowed to operate. Appropriate sanctions for foreigners and for their sponsors shall be discussed and implemented accordingly. On the other hand, where foreign diggers are allowed to work in the country, their rights and benefits as workers shall be ensured; they are also informed of their responsibilities including income taxation, etc.

Guidelines on foreign workers in mining shall be developed with immigration, finance and law enforcement authorities.

**Securing Border Entries and Export Points.** There are many constraints in the implementation of diamond trading and immigration laws. Mining agencies and immigration officers shall encourage increased roles of local authorities, communities and traditional leaders in law enforcement.

Local officials feel that a good starting point is the documentation of all aliens in mining towns. In Nimba, due to an influx of aliens (Mauritanians, Malians, Guineans, etc), the local Immigration Bureau started alien registration in the county with a US$10.00 fee; about 100 aliens were registered as of November 2007.

An alien documentation drive is a matter for immediate coordination with local governments, police, courts and immigration authorities, especially in border towns. On the other hand, documentation by itself is considered inadequate. Procedures for information sharing between mining and partner agencies also needs to be established; reporting of licensed miners to local government shall also be firmed up.

Again, the question of incentives and disincentives arises and is a matter for further discussion. Some recommendations are:

- In the case of tribes and landowners, a role in monitoring works best with recognition of surface rights that will allow them to be consulted, have a share of revenues from mining, thus have a stake in the process of enforcement.
- Some form of incentive can be raised for patrolmen, tribes and communities that report alien activity in an area. Procedures for reporting are established.
A quick means to report digging and diamond trading activities of foreigners shall be established.
License fees are designed to cover administrative costs. Local government and law enforcement agencies can charge local fees or fines to cover some administrative costs.
Mining, police and immigration offices seek support for motorbike and handheld radio for coordination.
At a diplomatic level, cross-border cooperation can be enlisted within the Manor River Union. GDO database can be analyzed to track movement of illicit diamonds since it is known by experts and miners that every site has distinctive diamond characteristics. Sanctions are set for dealers found buying illicit diamonds from across borders.
Transparency procedures such as to publicize dealers or companies that buy illicit diamonds can be agreed upon.
Fines, loss of license, deportation and other disincentives may be considered to discourage violations by foreigners and Liberians alike.

Self-Regulation. Cooperatives and the Gold and Diamond Workers and Diggers Union (GODIMWUL), tribal leaders and communities can take an increased role in law enforcement. GODIMWUL has the capacity and has offered to help identify sources of diamonds with access to database of the Government Diamond Office. The mechanics for GODIMWUL’s participation in analyzing the movement of illicit diamonds can be established in consultation with the GDO.

5.1.7 Improving Productivity and Revenue Collection Procedures
The introduction of appropriate technology can increase diamond production and income. Planning and implementation will be done in coordination with mining cooperatives.

Washing Plants

Low recovery estimated at 25 – 40% is partly attributed to diggers’ attention on bigger diamonds. Portable washing plants, said to cost from US$500 – $1000, can be established to increase diamond recovery especially of smaller stones. Water pumps for alluvial areas are also needed. Doubling current estimated recovery rates of 25% - 40% could greatly increase incomes and government revenues.

Portable processing plants can be shared by cooperative members; cooperatives can monitor operations, collect user fees, community dues and take charge of repayment.
Host communities would like to be part of established monitoring schemes, to ensure proper accounting of community share of mining profits. Support for improvement of mining technology can be an entry point for cooperative formation and community planning.

Access to Mineral Information and Technical Assistance
Unsystematic digging operations can be improved through technical assistance and access to mineral database. Diamond identification and valuation workshops are programmed. These can include identification of other mineral by-products for processing.
Access to exploration results led to improved outputs for all in Tanzania. The Open File System, hand in hand with the proposed USAID-funded programme to equip mining agencies with GPS capability will allow these to share information with miners on exploration results consistent with environmental parameters. Access and utilization of mineral database by artisanal miners shall be operationalised within the MLME.

Pricing and Valuation
Though diamond valuation is a specialized undertaking, a service that South Africa provides is a monthly publication of an international commodity list showing fair market prices for minerals.
Miners and diggers want to get some kind of training on valuation to allow them to negotiate better prices for their rough diamonds. This is a course that is requested by regional officers of the GDO. Once trained, they can also provide necessary orientation to miners and diggers.

5.1.8 Improving Pricing and Establishment of a Diamond Marketing Board
For better diamond prices, miners recommend the creation of a Diamond Marketing Board. The idea is for a marketing board to buy miners’ diamonds and to sell or auction for higher price – through quarterly auctions or some procedure that favours getting better prices on the rough diamonds.
Profits derived from better prices obtained are split three-way - by government, investors and cooperatives. The triangular structure promotes checks-and-balances.

Composition
A marketing board shall consist of cooperatives, a government representative and investors. This eliminates middlemen in the chain of trade and allows access to more profitable international markets. Existing dealers and brokers can become part of the investors group. Investors could also be Liberians living abroad. This gives them a mechanism for investment, while helping the industry. This promotes equity as profits are shared – and not cornered by just one sector. This is also a way to enhance transparency and facilitate collection of royalties. The proposed system works best with miners organised into cooperatives which are then responsible for collecting diamond outputs of members.

Funding
The board invites companies or dealers to bid for the diamonds. The board will be financed through fees charged as a percentage of sale price of diamonds sold.

Fund Utilization
Part of profit share of cooperatives could help miners regularize licenses and survey services through a loan facility. Miners from Weasua and Nimba recommended that 10% of income from diamonds sold by their cooperatives should go to a development fund for the host community.
This is apart from the mandated distribution of royalties. A mechanism for the transfer of the community share shall be facilitated by the GDO through the Ministry of Finance.
The 10% share of communities as proposed by miners is seen as reasonable with improved pricing and a fairer distribution of benefits which a diamond marketing board can help ensure. The specific rate emanates from some sites; as with all recommendations, it shall be subject to consultation before it is firmed up.

Capability Building
Government shall facilitate provision of technical/managerial assistance for cooperatives to ensure proper revenue management and distribution between miners, diggers and host communities. Accounting, records keeping, monitoring systems shall also be introduced.
This will be in coordination with partners such as NGOs. Another is the University of Liberia which has special training packages that it has undertaken in partnership with international organisations like the World Bank and USAID.

The figure below summarizes areas for assistance especially to miners and diggers.
5.1.9 Documentation of Active Prospecting and Mining Sites

There is a difference between alluvial mining claims and active mining sites. Mining claims have been delineated by government. The mapping exercise in Kongba shows that mining sites are everywhere else where miners explore and stake out a claim in relation to other miners and prospectors. Many of these new areas are in forests and not within designated mining claims. Some are mining camps with a number of miners and some are in new locations that are pioneered by individual prospectors.

Identification of all mining claims can be a basis for planning by MLME and for community-based regulation and monitoring. This is valuable as prospecting and mining proceeds into forests and dry land. This can be part of natural resource management mapping. It can give MLME, FDA and local governments a basis for rationalising land uses, identifying environmentally sensitive land areas and delineating alternative mining sites. It can help mining agencies, local governments and communities to monitor mining operations.

5.1.10 Large Scale Mining and the Kimberley Process

• Export of Gravel by Multinational

There are field reports that an African mining company is exporting the processed gravel of small-scale miners through the port in Monrovia. This is a precedent that needs review: 1) to clarify applicable rules and sanctions, 2) of a system to encourage reporting of problems by communities and not only by mining agencies, 3) of rights and benefits of artisanal diamond miners where their waste products are processed by another, 4) of enforcement of rules at port and by miners and local authorities.

With low recovery rates of 25% – 40% by diggers, the exporters are bound to collect more than the artisanal diamond miners who dug out the soil and should get a share of production, as with government that stands to lose royalties. In addition, export of gravel prevents covering of mining pits.

To promote equity, large scale miners when processing small-scale miners’ gravel, even within a company exploration site, should give adequate compensation consistent with prevailing sharing arrangements; miners and diggers shall be informed of such a right. On the other hand, the export of soil must be halted. It also needs to be clarified if law, exploration companies are allowed to engage in mining or trading or if getting small-scale miners’ gravel is considered exploration. If the latter applies, then artisanal miners need to be paid wages, etc.

• Washing of Gravel by Mining Exploration Companies

Community and field personnel of the MLME observe that the washing plants in Kongba by the AMA and at Weasua by the Mano River Resources are bigger than those sanctioned for testing driving speculations on mining by these companies. There are speculations of mining by AMA in the Krahn-Bassa forest. Moreover, a miner has filed a complaint against AMA for taking gravel from his pits at the same site where a large stone was reportedly taken by a digger to Sierra Leone.

Transparency measures can allay speculations. Reporting and monitoring requirements need to be clarified and enforced since none of the exploration firms have actually reported finds to GDO. With cases of collection of artisanal gravel by mining companies, sanctions and a complaint mechanism is needed which may involve local mining boards and/or traditional dispute settlement structures.

5.1.11 Feedback on Field Constraints

• Delay in Survey

There is considerable delay with scheduling surveys. Some have taken three months or more. The time lag is expected to increase as more miners formalise their operations. Many are known to go ahead with mining in the absence of a survey. This is a bottleneck that affects work on the ground as well as licensing. In time, survey crews may be increased to respond to demand in a timely manner. For now, arrangements need to be studied and put forward to: 1) augment services or otherwise alleviate the backlog, 2) allow work to proceed without compromising the objective of the exercise, and 3) facilitate processing of licenses.

Options that may be considered are:
  o Augmentation of services by private surveyors
  o Prioritization of survey - Class B licenses are larger and can finish up an area sooner should miners proceed without license.
  o Consider interim validation procedures
  o Issue temporary license for purposes of KPCS

• GDO and Mining Field Offices’ Constraints

Misgivings about neglect by GDO and mining agency staff need attention. This also means early resolution of impasse between the Government Diamond Office (GDO) and the MLME. The issue is whether GDO should be organic to the MLME organisational structure or be an independent trading body. This has put on hold GDO’s budgetary request.

Another problem concerns workers that have been allowed to operate outside of payroll. Many patrolmen and mining inspectors are not official employees and yet walk as far as 13 hours away on field visits. This is critical since they are the people who go out to the mine sites. Non-inclusion in payroll, delayed
pay and delayed allocation of operating expenses result in some level of dependence on miners, creating a credibility gap.

There is a mismatch in allocation of transport which is assigned to office-bound Government Diamond Regional Offices while mining agencies that are charged with monitoring and overseeing field operations are not equipped with transport. Hot office space of GDO regional offices keeps personnel idle.

5.2 Addressing Operational Concerns

The following relate to current field concerns.

5.2.1 Managing Hot Spots and Diamond Rush Areas

The diamond rush at the Sapo National Park has been estimated to have involved 20,000 – 40,000 at any given time since 2005. Since its creation in 1983, the park has been encroached by mining and commercial hunting activities. With at least seven (7) known mining camps inside the park, serious mining continues to this day despite efforts by the FDA and partners to protect it.

As early as 1999, the Global Environment Facility concluded that Liberia is a biodiversity hotspot and should be given top priority for conservation. While by law, government is required to reserve at least 30% of forests as protected areas, only Sapo has been declared as a national park. It has an area of 180,000 hectares.

Miners in Sapo are funded by foreign brokers. Some miners possess arms that are used for hunting but which are seen as a security threat with the hostility that often builds up. FDA personnel have been threatened with bodily harm. Some tribal leaders are reported to be collecting a share of mining revenues. Miners also report having influential political backing from the judiciary system has released all miners that were apprehended by FDA. Mining agency role is limited since none of the miners are licensed; some mining agents are believed to have received a share of revenues. Some mining communities do not support mining but fear hostility of miners. Livelihood of some households is now linked to supplying the needs of mining camps, thus there has sometimes been a lack of interest in the incentives that were available from the development and environmental donor community.

A Sapo National Park Working Group is in place to help government remove miners from the Park. It is chaired by FDA and the UNMIL Environment and Natural Resource Unit. The Working Group has a situation analysis and reflections on failed evacuation attempts that can be a starting point for determining MLME assistance. MLME has not played a major part in past campaigns. However, it can have an important role in the Sapo National Park Working Group since it has jurisdiction over artisanal mining. It is relevant to have quick response guidelines in managing environmental, security, health and safety problems in gold and diamond rush areas.

• Objective

The objective is two-fold. One is to contain areas of operation and manage environmental, health, safety and security threats and impacts of mining in a diamond rush area. The second is to have a shared strategy with FDA and support network on long-term solutions to encroachment of national forests.

• Strategy

The strategy now in place is essentially a security plan for the evacuation of miners, continuing enforcement by FDA and others and livelihood options for local communities. A sustainable strategy may also consider:

- Negotiation and Community Organising processes
- Development of Options for Miners
- Natural resource management and community development planning as context for community development assistance
- Dealing with vested interests such as tribal leaders and local officials
- Neutralization of impact of political support and funding by foreigners
- Management of entry of new settlers

Community Organising. Miners, communities, tribes and local governments shall be engaged in the process of change. A lasting solution requires consensus on objectives, institutional strengthening and a package of incentives that responds to the needs of miners and communities. The principles and tools of Community Organising can bring together diverse interests towards conservation and sustainable development in the forest. This means preparing a community organising plan in coordination with the FDA and NGO partners such as the Catholic Relief Services which uses the Community Organising methodology and has programmes in the area.

Dialogue is encouraged that analyzes problems and possible solutions and builds the stake of all concerned. Community facilitators assist in the process of dialogue. Some activities in coordination with other programmes and agencies are:

- Preparing a package of assistance for miners and diggers that releases them from dependence on foreigners
- Build consensus among miners on proposed options, dialogue with brokers and foreigners, and tribal leaders over options and means of implementation
- Facilitate natural resource management planning by communities and stakeholders. This entails planning of immediate and longer-term development options, delineation of tribal boundaries and stewardship roles and incentives for conserving forest resources (e.g. establishment of compatible livelihood options such as ecotourism, etc.)
- Relationships are adversarial. Facts have arisen – e.g. judicial system favouring miners, etc. All these need to be threshed out among law enforcement agencies, local governments and tribes.
- Establish mechanisms and capacity for implementation of development and natural resource management plan components
- Assist in implementation of action plan for miners – cooperative formation, lending rules, establishment of community development fund, rules of operations during the phase out period, safety practices, review of sharing arrangements, prioritization of beneficiaries for plan components, monitoring and enforcement, etc. Identify and coordinate needed training by communities and miners.

Improvement of Technology and Diamond Buying Price as Incentive for Relocation and Reform. At Sapo, experience shows that the package of incentives for the community must be delivered in a timely manner to replace income from miners.

While evacuation had been done, no viable alternatives were prepared for miners and diggers which resulted in their returning to the area. Livelihood options were directed at communities surrounding Sapo but not at miners who were from other places.

To isolate miners from their foreign financiers, mining and immigration laws can be strictly enforced. This may be difficult to do immediately without alternative capital sources. Where credit is not available, an option is to document miners, manage production, stop expansion, help increase productivity in existing mine sites (e.g. by introducing washing plants) to generate capital for operations outside Sapo.

Miners and diggers can also be targeted for assistance through UNDP Youth Employment and other programmes. There are those that
have retreated from Sapo not only due to health issues at the work site but due to low grade diamonds that were recovered. This shows that overall improvement of sharing arrangements and working conditions outside of diamond rush sites will make working in Sapo less attractive. For instance, intervention can target diamond rush miners with alluvial claims outside Sapo or target diggers in Sapo to disrupt mining outside the Park with the condition that they do not return to Sapo and other forests for proposed protection which need to be specified by FDA.

There are some miners from surrounding communities. In this case, alternative livelihood options shall replace lost income from mining. Part of the social assessment that shall be undertaken will be an inventory of miners which will facilitate implementation of community organising strategy.

**Education on Health and Safety.** Where withdrawal is protracted, health and safety concerns at the mine site shall be addressed as part of community organising. An information and education campaign on the Kimberley Process and on health, environment and other impacts of artisanal mining is a multi-sectoral undertaking. Guidelines are clarified as to health and safety requirements – establishment of toilets, safe drinking water, malaria prophylaxis and treatment, First Aid kit, etc. First aid training for miners and diggers can be provided.

Discussion on environmental issues is a take of point for improved procedures – e.g. mitigating water pollution, coordinating with tribal leaders upon entry, avoiding clear cutting of large areas at a time making it difficult for the area to revert to bush, delineation of area so no further expansion occurs.

An information kit on environmental guidelines shall be prepared and may be done in coordination with the Forestry Development Authority, the Environmental Protection Agency, Green Advocates or other concerned agencies. Assistance may be provided at the onset for such items as malaria pills but miners shall be informed of where to get these at affordable prices. Interpersonal communication by mining agency staff, cooperative leaders, local government officials, etc., is equally effective in the dissemination of information.

**Participatory Resource Management Planning for Tribes.** The objective is to contain unbridled expansion into the Park and to involve communities in social fencing by setting up and implementing a management plan that will clarify their fears and roles in the conservation of the area. The environmental significance of the area is highlighted, thus the critical role of resource management planning not only by FDA but with all others including tribes, local governments, civil society, miners and communities.

Participatory appraisal techniques through mapping and resource assessment help communities identify problems in forestry and mining. A natural resource management plan is prepared in a participatory manner to complement local development plans that have been prepared at the county level. Solutions are identified and supported; expansion of mining is not sanctioned and is closely monitored. Enforcement of regulations is coordinated with tribes and local authorities. Recognition of tribal land rights shall be guaranteed with the understanding that people promote sustainable management of the forest. Part of resource management planning may mean the designation of buffer zones (as against protected areas) where villages can undertake compatible livelihood options.

A developmental component shall offer concrete support for viable alternatives as reflected in county plans and/or through community assessment and resource management planning. Existing support committed by members of the Sapo National Park Working Group shall be aligned with the specific needs of the miners and communities. The D4D network can help support the establishment of a development package specifically for miners. In Krahn-Bassa Forest, the participation of plantations around the area cab also be enlisted towards addressing issues brought about by their operations. Plantations are enjoined to contribute towards a local development plan.

Local stakeholders also set up mechanisms for implementation and monitoring. In resource management planning, share of revenues for local government, tribes and communities, shall be allocated. It can be based on existing practices on site (which goes as high as 20% taxation by tribal leaders).

It is also within this context that transparency measures among diggers, miners and brokers and benefit sharing between miners and diggers are reviewed. Through the planning process and groundwork among miners and diggers in the area, consensus is built on mutually acceptable agreements on sharing arrangements in favour of diggers. This can be through the simple process of setting aside a part of gravel as diggers’ share before it is washed. The mechanics are also then worked out how incentives are tied to relocation of miners to their work sites outside protected zones.

**Incentives.** A necessary component of reform in Sapo is a package of incentives for communities and miners and diggers which can be organised with other agencies including UNDP’s Community-Based Recovery Programme and the UNDP Disarmament, Demobilization, Re-integration and Rehabilitation Programme for ex-combatants. Many agencies were considering contributing including UNEP, UNESCO to register Sapo as a World Heritage Site, UNDP FAO with its Telefood and Microfinance Projects and Conservation International.

Past experience shows that communities were unwilling to commit to livelihood projects that were available. Cost-benefit analysis may indicate mining as more profitable. It also indicates the importance of planning with the communities.

With community planning, incentives that are generated by the Working Group can be linked to resource management by tribes, to elimination of mining presence in the area and to re-forming mining practices and benefit sharing arrangements. This is sustained as miners and diggers re-establish operations elsewhere under conditions that comply with mining regulations.

Artisanal mining in hot spots is linked to the overall health of the economy and requires an integrated response. For the forest communities, a longer term component of the plan is to include Sapo in the proposal to benefit under the carbon credit programme. Other groups that can be part of the network are Green Advocates and organised Liberian professionals outside of the country such as the Liberian History, Education and Development, Inc. (LHEDI). NGO partners with programmes in the area can be part of this pool of resources for the host communities. The working group can involve NGOs such as the Community Relief Services that has had long-term environmental and livelihood programmes in the area. The Working Group and national government can also initiate planning for ecotourism and compatible livelihood options for the area. At a national symposium on the future of Liberia, LHEDI put forward as early as 2004 its proposal for ecotourism as an element of a strategy for development.7

**Vested Interests.** A problem that the FDA has encountered is the support of local officials and tribal leaders for mining. Some tribal leaders have come to an arrangement with the miners and are collecting some form

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6Promoting Civil Liberties, Collective Security, and Development in Post-Conflict Liberia. The two-day symposium took place from October 29-30, 2004, at the NC A & T State University’s Union Exhibit Hall in Greensboro, North Carolina. It was sponsored by LIHEDI.

of taxation. The payment of surface rental to tribes and the establishment of a Community Development Fund, to replace 20% share collected by some chiefs, may be negotiated. Again, this can be through Community Organising processes that build a common stake in mining reforms.

Foreigners. Before a dialogue, clear guidelines are formulated on the issue of foreigners who will be part of the consultation process. Immediate and longer-term measures are prepared since foreigners now fill a void for credit source and marketing of measures are prepared since foreigners now process. Immediate and longer-term foreigners who will be part of the consultation guidelines are formulated on the issue of foreigners.

Stake in mining reforms.

Organising processes that build a common again, this can be through community Development fund, to replace 20% share of taxation. the payment of surface rental to and utilization of the community Development agreements on revenue sharing, collection agree on ways to monitor enforcement of new transparency and monitoring coordination with local authorities, miners and communities.

Transparency and Monitoring. Participants agree on ways to monitor enforcement of new agreements on revenue sharing, collection and utilization of the Community Development Fund, health, work and safety standards, including accountability of miners in the event of sickness or accident at the work place.

Implementation

Mining agencies are not in a position to exercise control due to distance, limited numbers and lack of logistics. Community organising would be a useful skill for forestry and mining agents. Training can be arranged with NGOs which use this as a methodology for community development – e.g. CRS, LACE, Green Advocates. There is also the matter of credibility for the mining officer that is assigned in the area.

FDA, MLME, local government, courts and law enforcement offices shall set up a system of coordination and agree on strategies and procedures to avoid sending mixed signals. Equipping mining agencies with communication and transport facilities would be a help. In addition, there are 15 immigration officers in Greenville. They, like FDA, LNP are under-equipped. The situation can be looked into as a potential area for assistance.

The work group can assess the incentives package that is available. Should committed resources not be immediately available to back up decisive withdrawal of miners, a phased plan will allow FDA, MLME and the work group to contain further expansion and to enforce mining safety and other regulations.

Aside from MLME, the Ministry of Health, and the Working Group, there are stakeholders that need to be part of the process of education and negotiations with miners and diggers. These are the Gold and Diamond Miners and Workers Union (GODIMWUL) and the tribal councils in the area. They can assist with dialogue on areas and mechanics of reform and education on health and safety risks and solutions, as well as in monitoring and enforcement.

Dialogue involves communities, miners and diggers in the process of change through a social assessment, discussion of the issues and planning on options and roles and responsibilities. It also occurs with the judiciary, including identified political supporters of miners. Groundwork can be done separately with these sectors. While mining agents might be expected to be the key facilitators among miners and diggers, planning for field implementation shall be done with the Sapo National Park Working Group.

Some key activities are:

- Coordination with FDA and Working Group to level off on short and long-term strategy and determine what resources are available as incentive for reform, immigration action plan, etc.
- Prepare proposals on revenue sharing, plans on whether to accept illicit diamonds for certification to allow miners to move out of Sapo, etc.
- Coordinate on law enforcement
- Raise a package of incentives for miners – to address pricing, marketing, licensing, etc consistent with proposed plans
- Prepare community entry plan with FDA and other partners
- Update social assessment – to characterize miners and diggers
- Conduct sectoral consultations – tribes, miners, local government, etc. on proposed strategy and their role in this
- Participatory planning and implementation
- Monitoring and enforcement

5.2.2 Licensing

A Class C mining license is issued in Monrovia after certification is issued by the mining agent. This often requires at least two trips and three or more weeks for processing. Some have been asked to return at specified dates but licenses were not ready. There are some miners who experienced having been asked “facilitation fees” by staff members.

Miners suggest that licensing be localized with safeguards to diffuse sole control by mining agents. Or in order to reduce expense of miners going to Monrovia, some procedure may be put forward that sets special licensing schedules at local offices. This is disseminated ahead of time to allow miners to prepare their application requirements.

- Licensing of Old Claims

A problem with potential for conflict is the allocation of old mining claims to new claimants who are able to pay license fees. This is a problem for returnees from exile and those with no income. Some of these claims have already been awarded to other miners. In accordance with the Mining Code, there is a grace period of one month to pay license fees. But some families are just returning from refugee camps or have no income. A longer grace period may help recognise prior claims with procedures to facilitate payment of fees especially for those with only one mining claim.

- Maximum Number of Claims

All alluvial mining claims in diamondiferous sites are known to be taken. There are miners that are able to afford fees and have multiple claims. Absence of additional mining claims in alluvial areas encourages expansion into forests. To have a policy of redistribution, MLME may consider reducing maximum number of claims of 4 for Type C, and 9 for Class B, in consultation with the affected groups.

For countries that try to distribute access to mining sites, a use-or-lose policy is in place.

- Loophole

Class C for artisanal mining carries a license fee of US$150; a Class B license is US$1500. Some miners applying for Class C licenses intend to put together their mining claims for mechanised operations when machinery becomes available. This means a loss to government in terms of license fees and in terms of rehabilitation that is mandated under Class B. Appropriate guidelines are needed.

5.3 Addressing Environmental Concerns

Classes A and B but not Class C licenses are subject to Environment Impact Assessment under Section 8.4 of the Mining Code. Implementing guidelines to be developed shall incorporate procedures on informed consent and social acceptability. Participatory monitoring mechanisms shall also be put in place consistent with Section 8.6 on Periodic Environmental Assessment.

Similarly, Section 8.3 of the Mining Code on Environmental Safeguards needs implementing guidelines. It acknowledges water pollution, disturbance to water course flow and erosion as impacts that must be mitigated. It prescribes “reforestation if possible for large scale felling of trees during exploration or mining”, restoration of polluted water sources and prevention of soil erosion.

Environmental guidelines can be prepared with a task force from MLME, FDA, UNMIL technical assistance, civil society, etc. Consultations have been conducted in
the preparation of the FDA law and county development plans. Stakeholders shall be part of developing the implementing regulations for small-scale mining and the Mining Code.

### 5.3.1 Artisanal Mining and Environmental Safeguards

Debate focuses on the degree of impact on the environment of artisanal as against Class B mining with heavy equipment, and Class A large scale mining. Surface disturbance occurs under all three. A difference is that Class A and B require impact assessment and rehabilitation.

Class C is not subject to any social and environmental examination. This can be remedied through preparation of environmental regulations for small-scale mining, delineation of allotted small-scale mining sites or a process that allows local governments, tribes and landowners right to delineate off-limit areas for mining. This can also be done through designation of mining areas subject to land use and zoning plans of local government units.

The principle of prevention as against rehabilitation shall be reviewed in developing mitigation measures on environmental impact of Class C. This is since there is much haphazard digging and no reclamation fund is now charged; furthermore, due to affordability, reclamation fees that may be mandated are unlikely to adequately cover opportunity and rehabilitation costs.

The following options may be considered:

- **At the community level, landowners are consulted upon entry by a miner inside tribal or individual property. Should residential or productive areas be disturbed, this would be subject to compensation or segregated from the allowable mining site. Off-limit areas, including private forest groves and water sources are respected. This would be consistent with Section 9.2 on Existing Rights, which states, “Mining Rights are always issued subject to existing rights of other persons in the lands subject to such mineral rights.”

- **Allowing landowners and communities a right to segregate non-mining areas within existing and future mining claims would eventually require a change in Section 6.3.c of the Mining Code which sets production area to 25 acres for Class C; it is now understood that miners have a right to exploit an entire mining claim regardless of land uses and surface rights. A change in interpretation need not await Congressional concurrence; clarification can be specified in Implementing Guidelines of the Mining Code which can stipulate that mining rights are subject to surface rights and prescribe local consultation procedures that allow segregation of non-mining areas by landowners to include customary land holders.

- **Improved land management can be encouraged if surface rights are recognised, thus landowners and communities can monitor and stop unauthorized digging and help rationalise exploitation in their own lands.

- **The implementation of the user-pay-principle can help determine corresponding costs to be incorporated into fee structure in terms of setting aside funds for rehabilitation.

- **Implementing guidelines for segregating off-limit areas shall be developed with involvement of miners, local government and communities.

#### 5.3.2 Open Pits

Open pits abound in certain areas that have been continually mined through the years. These affected small landholders disproportionately in Lofa Bridge and in Nimba where non-mining households were forced into mining due to degraded cultivation areas. For instance, mining affects swamplands which are traditional cultivation areas for rice. Directly affected, in many instances, were farmers who did not make the pits nor benefit from mining.

- **Recognition of Rights of Surface Owners** – Open pits in cultivated areas can be avoided if miners are required to consult with landowners when starting a pit. The procedure would give landholders the right to monitor compliance of the rule to cover pits and not to mine in segregated areas such as water sources, residential and cultivated lands. A procedure for consultations shall be treated in Implementing Rules and Regulations where the right to be compensated for disturbance and for damage to standing crops and productive areas shall also be acknowledged. To get miners to implement the appropriate measure, they can help establish the provision and its terms. This can be done in consultation with stakeholders – gold and diamond organisations, etc. Rules and a mechanism for dispute settlement shall also be defined.

- **Education.** While other arrangements are in place, back-filling which is required under the Mining Code can be stressed with discussion of rights and obligations at licensing. The issue can be treated in environmental awareness campaigns and awareness raising on impacts and the rights of landowners.

- **Enforcement.** Where a mining cooperative is in place, stricter enforcement of the regulation on closing pits can be improved by holding miners responsible for compliance; monitoring and enforcement procedures are established. A reporting system is set up by the cooperative which may involve the Mining Chairman, cooperatives and landowners. An incentive scheme shall be discussed to make it worthwhile for diggers. For Class B, environmental examination guidelines are needed for operations and rehabilitation.

- **Rehabilitation** can be costly since it involves heavy equipment. Where an area has been prioritized for agriculture under formulated local development plans, technical assistance is available.

- **Green Advocates has a pilot on rehabilitation of mined out areas which may be replicated by local authorities where deemed cost-effective.

- **Reclamation Fee.** As a policy measure, the experience of Ghana shows that government has to take responsibility for land reclamation in artisanal mining since it is a monumental challenge to get miners to do reclamation when incentives and enforcement capacity are low.

- **Government has to study its options on raising cost of reclamation. One means is to incorporate reclamation fees into the license fee through an increase in rate and/or by charging a rehabilitation fee (e.g. 1 to 2% of sale price deductible at point of sale). This can be monitored by a receipt. A voucher can also be attached along with the KPC voucher obtained by the miner at the regional office and can go all the way to GDO to make sure that reclamation fee is paid.

- **Re-demarcation Artisanal Mining Areas**. Another way is through a re-demarcation of mining areas to allot certain areas for artisanal mining instead of having artisanal mining done at large; an Environmental Impact Assessment can then be conducted generally for each of these areas that are designated for artisanal mining.

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8 Counsellor Tsikata, USAID’s LIBAMM/IBI (Liberia Improved Budget, Assets, and Mining Management/ International Business Initiative)

9 Ibid
the importance of education on impacts and mitigating measures.

Actions for consideration for impact mitigation on domestic water supply are:

- Prepare implementing regulations on protection of water sources consistent with Section 8.3 on Environmental Safeguards of the Mining Code. This can be done with EPA, Green Advocates, UNMIL and D4D technical assistance on environmental management.
- Education on improved practices to reduce disturbance of domestic and agricultural water uses
- Participatory assessment/cost-benefit analysis on environmental and social impacts of mining
- Development of enforcement mechanisms involving field staff, communities, cooperatives and miners and diggers
- Encourage protection of existing water sources by local planning and setting aside off-limit mining areas, etc.
- All miners operating in a given community contribute to replacement of safe water supply by contributing to Community Development Fund or to a Water and Mine Rehabilitation component which sets aside resources for developing water systems.
- Local Mining Board or other mechanism to review claims of affected communities

5.3.5 Use of Cyanide and Mercury in Gold Recovery

Cyanide and mercury are used in some areas where gold and diamond are extracted. This can be addressed through:

- Education on hazards and alternatives through public media and through cooperatives and the diamond workers union and treated in public consultations.
- Public awareness on hazard to fisheries and water supply; local government, tribes and NGOs can help enforce a ban in their respective areas.
- Establishing liability for the source of chemicals such as large scale mines; these can be made accountable for leakage or illegal distribution of their supplies.
- Regular reporting requirement on utilization of mercury, cyanide and other critical chemical supplies of large scale mines

5.3.6 Land Use Planning by Local Government

Local government units shall be encouraged to prepare natural resource management and land use and zoning plans. With these, zoning rules can be enforced to prevent encroachment on residential, agricultural, water sources and other off-limit zones. Where conflicts arise, local government can issue a locational clearance to indicate compliance with zoning classification for a proposed mine site.

Identified as a local government priority, technical assistance may be needed to move on to land use and natural resource management planning at the local level. A pilot area/s can be identified for land use and natural resource management planning by local governments and tribes in coordination with FDA, UNMIL ENRU and Civil Affairs County Coordinators and other D4D partners.

In line with these, tribes and communities are also encouraged to prepare appropriate implementing mechanisms to safeguard critical forests, water sources and private property. This can be a local government-led activity but the design of a pilot activity is a potential area for D4D technical assistance. This can be started in hot spots such as Gbarpolu. This will be a participatory exercise with local government and traditional communities in identifying traditional land uses – water sources, hunting grounds, sande and poro and other critical areas that can be designated as agriculture, forest, mining and other zones.

Land use planning will be a basis for participatory resource management planning.

Outputs are a local land use and zoning plan, identified potential mining zones subject to EIA, and designated off-limit mining areas for other purposes, local rules and regulations and participatory implementation mechanisms of the natural resource management plan.

This will serve as basis for approval of new mining licenses and the creation of mechanisms that encourage local communities’ role in social fencing of environmentally critical areas. Based on local land use and resource management plans, local government can assist MLME to enforce its rules on mining in non-designated zones.

A natural resource management plan also becomes a basis for identifying local resources. It can be a starting point for identifying resources and developing best use of areas and of alternative livelihood options and rural industry that are compatible with designated land uses. It can enrich and update local development plans that have been prepared. Together with county plans, it can be a framework for preparing assistance or investment packages from national government, large scale mining, investors, donors, etc.

5.4 Preparing for Entry of Large Scale Mining

Experts expect a lead time of 5 years to launch large scale diamond mining should commercial grades of kimberlite be found. This period is a time to clarify associated issues and prepare for opportunities and projected negative impacts of large scale mining on miners and local communities.

5.4.1 Objectives

The objective of this component is to clarify standards and procedures to:

- Reduce strain on environment, communities and artisanal miners
- Encourage corporate mines to act as...
agents of change and local development
- Manage conflict of interests between mining firms and small-scale miners and communities

5.4.2 Key Result Areas
- Clarification of policies and procedures on large scale mining in the Mining Code and in implementing rules and regulations
- Enhancement of EIA requirements and procedures on social acceptability
- Advocacy on role of large scale mining in local development
- Establishment of role of local structures in monitoring

5.4.3 Mining Explorations Phase

He following is based on concerns raised regarding the operations of a company in Kongba.

- **No Environmentally Sensitive Activities during Exploration**

Road opening is an activity that is subject to environmental impact assessment. This can be clarified in regulations as an activity that is not sanctioned at exploration phase which by the Mining Code does not require an Environmental Impact Assessment (EIA) or an Initial Environmental Examination (IEE).

Section 6.7.d of the Mining Code allows road building only within the boundaries of a production area under a Mineral Development Agreement, which have not been set in the case of AMA. Responsibility for monitoring and sanctions for violations at explorations phase shall be established. The role of local mining boards in monitoring of large scale mines shall be firm up.

- **Recognition of Land Rights and Local Consultations**

For mineral development to be equitable and sustainable, customary land tenure and land uses shall be recognised in the mining law and its procedures. Thus, tribes and local governments shall be provided with the company’s exploration plans and scope of activities before proceeding with explorations, as a proposed transparency measure. It is basis for monitoring and for dialogue, if needed.

- **Complaints**

There is no recourse for complaints by communities at the local level. Miners’ complaints are sent to the MLME in Monrovia. A multipartite body can be set up to monitor mining activities and address complaints. A local mining board and monitoring body can be composed of MLME, local government, civil society, tribal and community representatives. This can be the same body with oversight on small-scale mining.

- **Exclusive Rights**

Section 5.3.c of the Mining Code assures companies exclusive exploration rights. However, mining rights of artisanal miners may be upheld and Class C mining licenses renewed until the Mineral Development Agreement (MDA) production area has been established or replacement areas have been identified by MLME. Resettlement sites shall be subject to local land use and zoning plans and EIA.

In addition, companies can be encouraged to designate an area within the concession for artisanal miners, since they are unable to get to bedrock which is the scope of the kimberlite operations. There is precedent for mining firms taking washed and unwashed gravel of artisanal miners. With social responsibility by mining firms, a mutually beneficial relationship can be worked out with small-scale miners. For instance, artisanal miners can be helped to improve diamond recovery; where washed gravel of artisanal miners are processed by large scale mines, a profit sharing scheme acknowledges labour and mining rights of artisanal miners.

One view expressed by large scale mines is that small-scale miners within their concessions are security risks. There is international experience to show that allocating an area for artisanal miners not only reduces security risks to company property, it also reduces pressure on the company to absorb excess labour. It also improves social acceptability of the project. Moreover, making provisions for displaced small-scale miners mitigates impact of haphazard digging, often in forests, outside of licensed claims. A designated area can then be subject to an environmental impact assessment.

- **Fears of Displacement**

Relocation cannot occur at the exploration phase or start operations without an environmental and social impact assessment of the Mining Development Agreement. Any relocation shall entail the approval by stakeholders of a comprehensive resettlement package for miners and communities consistent with international standards on involuntary resettlement.

- **Security Concern**

Provisions and processes that promote coexistence shall be encouraged. Violent confrontations and the potential for conflict can be avoided through guidelines for transparency in company operations and by prescribing a process of consultation and dialogue as well as a mechanism to redress grievances.

- **Transparency Measures**

AMA appears to have been non-compliant with fees payments for years while not having an updated explorations programme. Companies may become more sensitive with their image with the implementation of transparency guidelines to be developed with the Liberia Extractive Industries Transparency Initiative (LEITI) and the Publish-What-You-Pay Campaign. Moreover, MLME can release consolidated reports to local governments and the media at stated intervals.

- **Grounds for Cancellation, Revocation and Termination of an Exploration License or Mineral Development Agreement. Non-payment of taxes for two consecutive years can be grounds for cancellation of mineral license and/or suspension or cancellation of tax credits.

- **Diffusing Influence of Powerful Individuals**

Behind AMA – Quarterly or regular reporting requirements are transmitted to local governments, civil society, the media and established mineral mining boards consistent with transparency procedures that are established. MLME joins civil society in advocacy for good practice and social responsibility as a post war policy on extractive operations. Further discussion may be needed on appropriate disincentives to discourage influence peddling.

- **Reporting and Disposition of Diamonds at Explorations Phase**

Section 5.3.h of the Mining Code allows the holder of an exploration license to conduct pilot mining and Section 5.3.k gives license holders the right to dispose of all minerals extracted in the course of the holder’s exploration and assay activities subject only to declaration of such mineral finds to the Ministry. Diamonds gathered by exploration companies have not been reported to the GDO.

Royalties from exploration diamonds is a potential source of revenue. Canada, some of whose provinces collect as high as 37% in mining taxes scrapped a provision not to collect royalties from exploration finds as unwarranted when it amended its mining law. Similarly, MLME may consider taxing the diamond output of companies during the exploration phase.

- **Update Regulations.** Reporting of diamond output to GDO can be enforced more effectively through a clarification of reporting formats and procedures. The provision that mineral output is “subject to declaration” is not complied with. This is likely due to absence of
implementing guidelines. A reporting format, time frame, etc., shall be prescribed. The Mining Code which is silent on taxation shall also be updated. Implementing Rules and Regulations can set procedures for disposal to require reporting and collection of royalties against extracted diamonds at explorations phase.

- Monitor and Publish. Information on production and royalties paid at exploration stage shall also be monitored under the GDO database and subject to public reporting under transparency measures that shall be established with LEITI.

- Involve Local Communities and Government. Speculations on mining by exploration companies can be avoided with reporting and transparency guidelines that facilitate access to information by local governments, civil society and communities.

### 5.4.4 Preparing for Coexistence at Operations Phase

Mining policy shall strive for coexistence of large scale and small-scale mining and communities.

- **Selection Criteria**

Coexistence can be promoted through advocacy for best practice mining and corporate social responsibility. It can also be through the selection process where some weight is given to track record for environmental and social responsibility. Due diligence shall be exercised in coordination with local and international mining watch organisations. There are emerging players without track record – e.g. AMA and Chinese mining firms. On the other hand, there is enormous literature and concern in the international mining community on the practice of mining companies from a certain country. Thus, it is important that high standards for environmental stewardship, social responsibility and social acceptability shall be reflected in an updated Mining Code and its implementing regulations. Moreover, grounds for revocation of license shall also be reviewed to reflect new standards.

International competitiveness as an argument to relax investor standards on environmental and social responsibility can cancel gains in favour of poverty reduction. Experience shows that the same companies adjust their standards to suit the regulatory framework of the host country. It is best to prescribe compliance with applicable international standards such as moving towards ISO 14001/9000 certification.

### The Environmental Impact Assessment System in Large Scale Mining

Mining is subject to Environmental Impact Assessment (EIA) under the Liberia Environmental Protection Agency. There are three parties to the EIA system: the proponent -- company/miner applicant, the EIA specialist/s who conducts the independent assessment, and EPA with an EIA Review Team that approves the environmental impact statement.

While EPA facilitates conduct of a social and environmental impact assessment, the assurance of completion of an environmental impact statement is the responsibility of MLME as the agency that grants the license and controls the project. It is MLME that will be responsible for any legal consequences of the environmental impact statement. Thus, MLME and EPA shall clarify accountability of the two agencies in the implementation of EIA as an on-going environmental management system.

An assessment is made by a multidisciplinary team that prepares target baseline studies on traditional landownership, water resources, protected areas and natural habitats, population distribution, etc.

Public participation procedures shall be established under the EIA System. It can happen at scoping, when issues are identified, during study preparation, public hearing, monitoring compliance, and if necessary, in the judiciary process.

The EPA and MLME shall help ensure that participation in the study shall be treated by local governments, miners and host communities as an important part of giving consent. Community participation is ensured if people are aware of the EIA’s significance.

#### Reviewing the Environmental Impact Statement

The Environmental Impact Statement is a report which identifies, predicts, interprets and communicates information regarding changes in environmental quality associated with the project. It also examines the range of alternatives as well as social impacts. The EPA must allow adequate time for comments and responses before a final environmental impact statement is published.

EPA and MLME shall conduct public meetings or hearings with representatives of the local government, tribes, miners, church, women, concerned agencies and civil society. A general assembly may have to be convened where there are contentious issues. Thus, together people can weigh risks or recommend alternatives for certain mine functions.

For meaningful participation, the MLME and EPA shall inform stakeholders on how to participate in the environmental impact statement review process. Mining development plans and proposed alternatives for adverse social and environmental effects shall be discussed. A project is not approved unless all social and environmental concerns are adequately addressed. Thus, appropriate indicators for informed consent and social acceptability shall be established since it may be needed in controversial projects.

Environmental Compliance Certificate (ECC). Conditions approved by EPA and stakeholders, conditions that the company needs to comply with shall be contained in an environmental compliance certificate which shall be monitored.

This is a document issued by EPA/MLME to certify that the project under consideration will not bring about unacceptable social and environmental impacts and that the proponent has complied with the requirements of the environmental impact statement system. As a transparency measure, Environmental Impact Statements and ECCs shall be available for access by all. Furthermore, mining agencies, local government and mineral boards shall have a copy of these for monitoring.

#### Monitoring

The responsibility and terms for monitoring compliance with provisions of an ECC shall be clarified in relation to both MLME and EPA. At the local level, monitoring of social and environmental impacts means the creation of a multipartite team to assess ECC compliance. MLME and EPA shall prescribe membership of monitoring committees to include local government, civil society, tribal and community representation.

The environmental clearance certificate can be cancelled for failure to comply with environmental provisions and social commitments. This is a piece of information that stakeholders shall be made aware of. Thus it is important to have important agreements – including those that mitigate social impacts - reflected in the ECC.

#### Resettlement

There is the prospect of displacement of communities due to large scale mining. Where possible, this must be avoided since it is likely to make it harder for tribes that are dependent on their land for their livelihoods and cultural identity.

Should it be unavoidable and resettlement must occur, a resettlement package shall be prepared and mining development shall not start until resettlement is complete and all claims have been properly addressed.

In the MacKenzie Valley in Canada, an inquiry...
on aboriginal lands put a 10-year moratorium on major developments so that native claims could be settled and the economy diversified before major resource extraction. While a long preparatory period may be difficult to arrange, it is important to acknowledge the value of social preparation and the pre-operations phase.

Resettlement shall be seen as an opportunity to improve living standards of communities and not just to return them to a similar state at a relocation site. A Comprehensive Development Plan is prepared based on the principle that “people unavoidably displaced should be compensated and assisted, so that their economic and social future would generally be as favourable as it would have been without the project, and had the people been given adequate services from government.”

People shall be duly informed and consulted on compensation options for land, trees and crops, surface structures and other improvements on land. The absence of formal title over traditional land shall not be a bar to compensation. Mechanisms shall be set up for disputes on entitlement; this may recognise traditional means of settlement and if unresolved within a specified period can be elevated to an arbitration body that may form a bar to compensation. Mechanisms shall be set up for disputes on entitlement; this may recognise traditional means of settlement and if unresolved within a specified period can be elevated to an arbitration body that may include MLME, tribal, local government and community representatives.

A local development plan is implemented through the establishment of a trust/community development fund for poverty reduction and other basic infrastructure. Progressively, part of the fund can be used to develop non-mining-based livelihood options in preparation for phase out of mining.

The EIA shall also study the impact of relocation on the host community and the environment. Plans for livelihood options shall be consistent with the geophysical contexts and limitations of an area. Minimum provisions shall include compensation and assistance in the implementation of a Local Development Plan.

### 102 COMPONENTS

### 103 COMPONENTS

#### Potential Role of Corporate Mines in Artisanal Mining

Planning for coexistence is desirable. It would reduce pressure on large scale mines to absorb large numbers of artisanal miners for employment if these allocate parts of their claim to artisanal miners. Where feasible, miners shall also be given preference in regular employment at the big mine. This may need preparation for certain jobs during the pre-operations phase.

#### Abandonment Plan to be Integrated in Operations Plan

Aside from recognising community and miner rights, large scale mining is in a position to help small-scale miners improve their mining practices. There are many precedents where mining companies helped to improve small-scale miners’ technical practices and introduce environmentally conscious mining approaches.

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10 Bob Parsons, Comparative Mining Tax Regimes: A Summary of Objectives, Types and Best Practices, PricewaterhouseCoopers, 1998

The planned land use after operations is a determining factor in rehabilitation. Post-mining scenario provides the long term vision for a local integrated plan. The establishment of enterprises of and of non-mining alternatives shall be considered in development planning. Abandonment planning can take place involving local government and stakeholders to ensure that land use is consistent with planned use and that alternative enterprises are set in place during a phase-out period that can start after the 15th year of mining.

Restoration and Reclamation Fund. Modern mining companies are charged with the responsibility for restoration, reclamation and mine closure. Provisions shall be made so that proper implementation of rehabilitation measures is not affected by changes in the fortune of mining operations. Some tax regimes recognise this by providing tax relief when funds are set aside during the production stage for reclamation and closure. Canada and Indonesia allow a tax deduction when funds are set aside for mine reclamation and closure. In Canada, a rehabilitation fund sets aside 6% of output. The US permits tax deduction when a reclamation reserve is set up in the books of account, provided that the appropriateness of the reserve is certified by a prescribed third party. This shall be separate from an Environmental Guarantee Fund for claims against environmental damage or damage to property as when tailings ponds collapse or landslides occur such as happened at Bong Mining Company.

ArcelorMittal: Potential Pilot on Large Scale Mining and Community Development

ArcelorMittal, a market leader in the steel industry, renegotiated its license under President Ellen Johnson-Sirleaf’s administration. The mine is in Nimba, in the vicinity of artisanal diamond mine sites. ArcelorMittal expressed a commitment “to setting globally recognised standards with the needs of future generations in mind.” A focus of its efforts since the merger of Arcelor and Mittal Steel has been to identify best practices. It is developing a new corporate responsibility (CR) and sustainable development framework across its operations. It targets ISO 14001 certification of its production and non-production facilities. ISO 14001 is the internationally recognised standard for Environmental Management Systems (EMS) which involves an independent compliance audit.

In emerging markets such as Liberia, the company has responded to the needs of many of the communities in which it worked, with improved health and education facilities, as well as basic infrastructure such as roads, clean water, heating, cultural centres, and housing. ArcelorMittal commits to going beyond the company’s contract obligations to offer additional support based on the most pressing needs of the communities.

As the first company to start mining operations after the civil war, ArcelorMittal’s policy on corporate responsibility makes it an ideal partner to set the bar on environmental and social responsibility for corporate mines in Liberia. It acquired an established mine site and may not be able to set a model for resettlement planning, but it can be enjoined not only to maintain a Community Outreach Programme as a function of public relations but be a partner in developing sustainable communities in cooperation with miners, local government and tribes.

Some steps that can be taken by MLME to make ArcelorMittal a model for large scale mining and local development are:

- Engage the company to serve as pilot in the establishment of sustainable mining communities by supporting community and Poverty Reduction Strategy Plans of local government and host communities.
- The company shall also help build resources for basic services such as health, education, roads, recreation, etc. A plan to develop additional livelihood options can be supported through community scholarship programmes, training for livelihood options and for job opportunities at the mines. A comprehensive development plan is supported that helps government and communities build a vibrant economy that is not dependent on mining to avoid creation of two classes - that of ArcelorMittal workers and those of surrounding communities.
- Facilitate establishment of a Community Monitoring Committee with local governments and tribes.
- Engage with local governments and tribes to explore programmes and projects that provide for poverty reduction and handling of impacts, such as through community meetings.
- Encourage preparation of Natural Resource Management Plans by local government, tribes, miners and communities which the company can support. The declaration of biodiversity conservation sites or of watersheds and non-mining areas in customary lands can be aided, for instance, with the development of picnic grounds or educational or ecotourism resorts with revenue earning potential for the community. This and other alternatives can be discussed at planning sessions with local governments and tribes.
- Explore a programme that will engage small-scale miners around ArcelorMittal’s mining operations and assist them in ways that are determined in consultation with the sector.
- Recognise land tenure and surface rights of tribes through the establishment of a development or trust fund from mining contributions. This can be a percentage of the milling cost or a percentage of gross output or as otherwise determined.
- Establish participatory monitoring procedures – e.g. representation of tribal council and miners in the Multi-Sectoral Monitoring Committee; regular reporting to the Environmental Monitoring Committee shall include social impacts; discussion of monitoring results in community meetings.

An International Case. In the Philippines, 1% of gross output from mining was agreed as royalty for indigenous communities which is apart from national dues and other mining contributions. In one site, WMC, an Australian mining company, organised communities, facilitated formalisation of tribal titles and established development funds with annual commitments for the affected tribes as early as the pre-operations phase. A forest had a protection plan. Communities were also trained to conduct environmental monitoring, were offered stock options with the company, etc.

This shows that apart from what is mandated by law, government can establish a partnership with mining firms for local development and the protection of indigenous peoples. ArcelorMittal is ideal for negotiations to pilot strategies such as those identified in Table 1. But with advocacy, a similar role can be encouraged for implementation by AMA and other mining companies.

5.4.5 Environmental and Social Standards for Class B Mining

Mechanisation by small-scale miners can be expected due to decreased production of certain sites. Environmental and social compliance requirements shall also be applied to Class B mining to mitigate expected social and environmental impacts. Guidelines shall be specified in Implementing Rules and Regulations that will be drafted for the Mining Code and for Small Scale Mining.
6

COMMUNITY ORGANISING AND DEVELOPMENT

Eradication of extreme poverty in mining communities needs an integrated approach. This is not only about miners’ concerns but also about environmental sustainability, disease prevention, achievement of higher levels of literacy, and other Millennium Development Goals.

Community Organising basically consists of harnessing and mobilizing human and institutional resources in pursuit of common goals. The main focus will be to mobilize various sectors and groups and build consensus on immediate problems of miners as well as tackle alleviation of poverty and sustainability of host communities.

Poverty reduction is a mandate of many agencies. A Community Development component shall be pursued in partnership with other agencies while empowering miners and communities.

It is ideal for this component to have a Community Organiser as part of the team who will prepare a Community Organising (CO) Plan and to orient field implementers on the principles and practices of CO, facilitate cooperative formation, community assessment and planning and assist with resource generation and linking for implementation of community development plans.

The preparation of an Implementation Plan for Community Development and Miner Organising is an important area for technical assistance by D4D and partners.

6.1 Objectives

Community organising and development techniques will target three main impacts designed to improve the livelihood and living conditions of miners and mining communities:

- Increase the amount of revenue received by diamond-producing communities through:
  - Supporting reorganisation of the artisanal mining sector
  - Supporting the establishment of local development funds from artisanal mining, and large scale mining where this operates
  - Improve technical efficiency of small-scale mining operations
- Reduce social impacts and environmental damage of small scale as well as large-scale projects to communities
  - Define the role of cooperatives, communities and tribes monitoring and enforcement of mining regulations
  - Develop alternative livelihood for those involved in artisanal mining
- Prepare and implement community develop plans

6.2 Some Components

Mining concerns are addressed within the larger framework of community life. The twin strategy is to support improvement in mining practice while developing alternatives to the activity.

6.2.1 Community Assessment and Planning

Mining household incomes are way below the threshold for absolute poverty. Basic social services are lacking – water, sanitation, health, education. Furthermore, mining communities have issues and concerns that can be attributed to mining.

Domestic water resources are affected by mining. Mining pits breed malaria mosquitoes. Domestic violence is common, especially among ex-combatants. Education is affected when youths join work gangs. Influx of workers and foreigners causes social tension and needs attention. Cultivation is affected by the proliferation of mining pits and planting areas are excavated without the permission of farmers. There is limited food production for households as well as to support workers from out town.

Mining concerns and various community problems can partly be addressed through community assessment and planning. This empowers communities to assess problems and opportunities, raise their awareness on issues and prepare plans that they can implement with external support.

Plans and mechanisms shall be established to deal with identified issues. Communities can establish off-limit areas and rules and procedures for dispute settlement and consultation between miners and landowners. Planning also occurs on the establishment of Community Development Funds to support identified development priorities. The role of cooperatives and community structures are threshed out for monitoring mining operations, collection of mining contributions, repayment of loans, etc.

While the community role in problem solving is enhanced, identified needs are matched with external support. This could be from the D4D network for specific forms of assistance in mining, the UNDP programmes for youth employment, NGOs on health and agriculture, as well as from regular programmes of government and other agencies. With a community plan, agencies and organisations can all work together to leverage resources for a perceptible impact on poverty reduction. Plan implementation is then not only empowering for the community; support for the plan also acts as an incentive for artisanal diamond mining reform and places transformation within the larger framework of community life.

6.2.2 Establishment of a Community Development Fund (CDF)

A Community Development Fund shall be established in mining communities from their share of diamond revenues. This has been recommended at 10% of diamond sales in certain areas. This rate can be confirmed at the community level and adopted in mining regulations. This can be used to fund local development priorities including infrastructure facilities and improvement of social services.

Based on the community development plan, it can also fund other livelihood development priorities such as acquisition of seeds and planting materials which are much needed to get rural areas back to agricultural production. Or it can be set up such that a certain percentage acts as a revolving fund for miners, farmers, etc. In this case, operating rules for access and management of the loan facility would be set up by the community/tribal council or appropriate community structures. The cooperative, community
and tribe then become parties in monitoring output and compliance with safety, labour and environmental standards. Fund management is an area that will require training which can be arranged with the appropriate agencies or with partner NGOs.

6.2.3 Development of Livelihood Options

Findings show that the development of alternatives to artisanal mining is urgently needed. While this is a function of national programmes, it can be promoted in the proposed implementation of community development plans and Community Development Funds from a share of mining revenues.

In mining communities, a Community Development component can tap resources that are earmarked for comprehensive and county development plans as well as sectoral plans such as the Liberia Employment Action Plan (LEAP), the “Productive Employment and Decent Work for Young Men and Women,” the UNDP Community-Based Recovery Programme, UNDP’s Disarmament and Rehabilitation programmes and the Liberia Emergency Employment Programme (LEEP).

These include the “Productive Employment and Decent Work for Young Men and Women,” the UNDP Community-Based Recovery Programme, UNDP’s Disarmament and Rehabilitation programmes and the Liberia Emergency Employment Programme (LEEP). These programmes target youth and ex-combatants.

LEEP lays the foundation for a long-term strategy through the Liberia Employment Action Plan (LEAP). Youth and children, mainly through a focus on empowerment and employment, have also been included in the Poverty Reduction Strategy Paper (PRS). Thus, work is ongoing on the development of a National Employment Policy and a National Youth Policy has already been formulated.

MLME can coordinate with these and other programmes to develop a package of assistance for women, youth and ex-combatants in mining communities. Such a package can provide incentives for mining reform, help develop livelihood options and address skills training and education issues.

A key issue is access to capital for artisanal mining. In this connection, a percentage of resources from these projects can be arranged as loan funds for mining cooperatives and tied to reform objectives and processes.

The idea is to plan with the target participants and encourage community assessment and problem solving. In this case, a package can help provide needed incentives for communities that implement community development plans. It can support identified livelihood initiatives and skills training programmes for youth and so on.

For instance, pilot projects can be established in some of the areas visited under PSIA where artisanal mining becomes a basis for developing a comprehensive programme on youth employment in mining communities. It can also be a framework for relocating and providing alternatives for young miners such as those in Sapo.

Women organizing by non-government organizations is underway in some areas to address issues of gender violence often attributed to the sector’s participation in war-time violence. In coordination with other agencies, women development initiatives can be an entry point to address such social issues and strengthen women’s leadership roles in decision making in mining and community affairs.

6.2.4 Training, Education and Skills Development

During the war, children and young people constituted the largest group of recruited fighters who missed out on essential years in education and training resulting in literacy rates estimated at 42% (among youth) and a serious shortage of technical and entrepreneurial skills.

Training and education shall be important components of local development plans and to promote alternatives to artisanal mining. Targeted programmes for young people who have fallen behind due to war or who are unable to attend the regular school system due to mining can be developed in coordination the education sector, NGOs and other D4D partners. This would be a direct response to expressed aspirations for
continuing education

Other identified education and training needs for miners and mining communities can be developed or linked to existing programmes:

- Functional literacy
- Preparing for job opportunities in large scale mining where these may operate
- Skills development for development of rural industry options – e.g. carpentry to process timber products from mining operations, processing of secondary products from diamond mining, product development and enhancement for jewelry business
- Improved environmental practices in mining operations
- Mining job related skills, as requested, for prospecting, pricing and valuation
- Entrepreneurship and basic business planning, funds management, cash flow and accounting
- Leadership training
- Cooperatives management

- Apprenticeship and Scholarship Programme

To improve knowledge and skills on mining and other livelihood options, a scholarship programme shall be arranged in areas of expertise that will be needed by mining firms or other industries. Skills training and apprenticeship programmes can also be worked out in such fields as jewelry making, processing, marketing and other livelihood opportunities. This could be with foreign partners or with national universities and technical schools. Large-scale mining companies shall be mandated to implement verifiable plans for training and technology transfer.

Skills development at the community level may use Earning-While-Learning schemes where skills development is directly linked to improvement of practice at the work site or to immediate production of food or value-added.

Exchange programmes or field visits to sites or countries with successful cases can also encourage good practice. This is a possibility to be explored within the Mano River Union. Sierra Leone and Guinea have community-based development initiatives such as with the Sanimuso Holdings, Guinea’s partner in the development of mining communities.

### 6.2.5 Mining Information, Communication and Education

Information dissemination on the Kimberley Process can be taken to the next step. Improved methods can be promoted through information dissemination on regulations, rights and good practice. This will involve coordinating with D4D members and partners to identify what resources are available and to prepare an Education and Communications Action Plan which specifies target audiences, messages and media to be used, costs and responsibility centres.

### 6.2.6 Training on Appropriate Technology

Appropriate regulations plus technical assistance can decrease negative impacts and improve efficiency of production.

Areas for technical assistance are in prospecting and production, and valuation and marketing. On site environmental training can help address issues in tailings and waste management, water quality, water course diversion, excess siltation, interference with other land/water uses and so on.

Green Advocates and the Diamonds for Development Initiatives have appropriate technology modules that are implemented on a limited scale. MLME and D4D shall coordinate with other groups to prepare an action plan to identify, replicate and develop training modules to address technology and environmental challenges in artisanal mining. Replication would require fund allocation and staff training of mining agencies.
7.1 Preparation of a Mineral Development Strategy and Advocacy for an Integrated Natural Resource Management Plan

Civil society and non-government organisations here and abroad have been making the call for true reform in the allocation and management of natural resources. D4D can work with government and other initiatives to pursue mining reform within an integrated resource management framework. It shall encourage examining major decisions that have to be made to maximize benefits from mining of diamonds.

A Mineral Development Strategy can translate sustainable mining as embodied in the Mineral Policy of Liberia into more specific directions relative to outstanding issues and concerns. Strategic decisions like setting off-limit areas to mining, reserving areas for small-scale mining and for future generations, or determining the optimum number of large scale mines, can be studied.

The strategic role of large scale and small-scale mining in national development or in an integrated natural resource management plan is then clarified. A Mineral Development Strategy can set long term plans for large and small-scale miners and mineral trust funds. In coordination with other agencies, it can identify areas that are suited to the promotion of mining as against agriculture or forestry and determine appropriate fiscal regimes and investment policies in mining. It would support diversification of the economy and the promotion of alternatives to artisanal mining within an integrated development and natural resource management framework.

7.1.1 Competing Land Uses

An emerging concern is the potential impact of competing land uses on local and national development. The ministries for Agriculture, Mining and Forestry have earmarked vast areas for exclusive use by concessions.

Mining explorations and mineral development agreements cover over 13,000,000 million acres. Though this number will be reduced as rights holders relinquish unproductive areas, this does not occur in the case of plantations and forestry concessions. Rubber, palm oil and tree plantations are replacing tropical forests in Gboe and elsewhere. The cumulative pressure on communities is evident in land speculation and as artisanal miners move to unprotected zones such as national forests, a development that urges coordination and preparation of a common assessment and strategy by the concerned agencies.

While agriculture concessions are known to be diamond rich, artisanal mining is by rights not allowed. It is reported that Firestone negotiated a special lease that allows it to extract diamonds and minerals from its concession;13 if that is the case, such a provision is a special concession that may be subject to renegotiation. Government can keep its option to plan for mining as a successions land use for agriculture plantations. By the time plantation leases expire, these would be less ecologically sensitive than opening up new forests for mining. Seen another way, plantations are potential mining reserves for future generations.

With an assessment of the cumulative impact of concessions around forests, best use options may prescribe delineation of artisanal mining areas in concession lands. This would require advocacy to get the cooperation of all concerned to segregate artisanal mining areas near or in concessions such as in Gboe where plantations are replacing primary forests while artisanal mining fast expands into areas that are intended as national forests.

- Global Warming and Extractive Industries

Dr. Syrulwa Somah warns that years of mining and extractive industry operations contribute to global warming making the poor highly vulnerable. Changing climate patterns is seen in the destructive and unsseasonal storm in Ganta in March 2007.14

In Bali, at the UN Climate Change Conference in December 2007, it was agreed that mechanisms will be in place to adequately compensate countries that conserve tropical forest systems. Proposed incentives for forest conservation to counter local effects of global warming can also be used to help miners settle outside of environmentally critical areas.

The diamond rush at the Sapo National Park shows that FDA’s target to set aside just 30% of remaining natural forests is challenged by the realities of securing such places without incentives for miners and forest communities’ role in resource management. Without alternatives, mineralized forests are open access areas for artisanal miners.

A mineral development strategy can take all these into consideration in the allocation of mining development agreements. Moreover, D4D can advocate for the preparation of an integrated resource management plan where trade offs are balanced in deciding best uses for specific zones and localities.

- Mining in National Development

Thorma and Hoal foresee that even with the discovery of kimberlites, diamond revenues will increase but the sector is not expected to be a significant driver of the economy.

At 3% royalty and the high end projection of 200,000 carats annually at $15015 per carat


14 Ibid
- the world average for Liberian diamonds, royalties would yield less than a million dollars for development. Government can expect about US$900,000, granted that all diamonds pass through the Kimberley Process, which is unlikely. Sierra Leone is estimated to be 50% Kimberley compliant despite training and the establishment of mining cooperatives.

The PSIA, in part I, Tables 12 and 13, indicate establishment of mining cooperatives. Unlikely. Sierra Leone is estimated to be 50% Kimberley compliant despite training and the establishment of mining cooperatives.

Especially in relation to large scale mining, the Mining Code shall be consistent with the UN’s Declaration on the Rights of Indigenous Peoples. Adopted by the UN General Assembly during the 61st session on September 13, 2007, the document in Articles 10 and 20, recognises control of indigenous peoples over development affecting their land, territories and resources and the urgency of protecting these rights.

Tenure security of tribal lands is anticipated in new land laws for Liberia and shall be promoted in the mining code and MLME procedures through:

- A provision in the Mining law and its Implementing Rules and Regulations that provides procedures for recognising surface rights not only for titled lands but also for tribal lands
- Processes that lets tribal communities be consulted on mining in their territory and that defines social acceptability and informed consent requirements
- Formalisation of customary land ownership in mining areas
- A provision that sets royalties from mining for tribes
- Including in protected zone not only cultural sites such as sande and poro but also residential and closed private areas including cultivated lands with mechanism for redress of grievances
- Tribal representation in multi-sectoral monitoring bodies for mining
- Encouraging preparation of local land use and zoning plans
- Recognition and support for tribal role in enforcement of KPCS and in natural resource management

7.3 Environmental Regualtions and Penalties

The Mining Code needs implementing guidelines on environmental safeguards. Regulations shall discourage illegal and environmentally destructive mining while acknowledging enforcement constraints as well as cost of rehabilitation, thus the promotion of participatory resource management.

7.3.1 Objectives

Mining activities shall be managed in a technically, financially, socially, culturally and environmentally responsible manner. Environmental protection objectives include the following:

- Maintenance of sustainable environmental conditions at every stage of mining operations. Best practice guidelines shall be established for large, small scale and artisanal mining operations. These can be developed hand in hand with existing initiatives of civil society, the academe and other concerned agencies. These can be attached to incentives and to industry/community-based resource management systems.
- Establishment of a functional post-disturbance land use capability. Especially for Class A and B, mine site decommissioning and rehabilitation shall aim to establish land capability that is functional and proximate to the land use prior to the disturbance of the mine site, unless other more beneficial land uses are predetermined and agreed in partnership with local communities and local government units.
- Preservation of downstream freshwater quality. The quality of surface and ground water emanating from exploration and mining areas shall be maintained at acceptable levels, as determined from actual/potential downstream water uses. Safeguards shall therefore be established on the use of chemicals such as cyanide and mercury for gold recovery in gold panning/diamond areas. Technical assistance and education on best practice shall be a focus to mitigate siltation and disturbance of waterways due to mining.
- Respect for traditional and/or sustainable management practices of traditional communities. For Class C, Artisanal Mining, which is not subject to an environmental work programme, rights of local government, tribes and communities shall be recognised to exclude not only cultural sites (e.g. sande and poro and government infrastructure (e.g. roads), but also environmentally sensitive areas (e.g. water sources), and residential and agriculturally productive sites.

7.3.2 Implementation

Nigeria, which was beset with similar conditions in artisanal mining, passed a decree protecting water courses, prescribed a term of imprisonment and or fines for convicted polluters without appropriate permits or licenses. Regulations also defined powers of environmental protection against inappropriate mining practices and operations.
- Defining Roles and Functions Logistical constraints in enforcement can be
expected. This can be offset by defining roles of local government and mining cooperatives in the development and enforcement of local resource management guidelines and environmental and mining regulations. Local Mining Boards can also be established to assist Mining Agencies in the enforcement and monitoring of mining regulations in a town/county. Within a Mining Agency, environmental education and monitoring shall have a responsibility centre that is apart from the role of EPA in the environmental assessment of Class A and B mining claims. The role of local government and traditional structures in resource management shall be institutionalised.

- Penalties. Penalties shall be set for operating without license for Class C or without an approved environmental plan for Class A and B. This gives a handle to deal with mining by those without license.

- Compensation for Disturbance. There are no guidelines on compensation for damage to private property or for government’s responsibility to rehabilitate artisanal mining sites. An environmental user’s charge can be in the form of a Reclamation Fee and/or Water Restoration charge which can be incorporated in the license fee; an Environmental Guarantee Fund can also be set up to compensate for damage to property/crops especially for Class A and B. A focus shall be on prevention of undue damage through consultation and other participatory processes but not to preclude the development of compensation mechanisms that can be a function of local planning. Thus, a complaint mechanism which may be the local mining board shall be designated to hear complaints and/or requests for compensation.

- Mitigating Damage to Forests. In cooperation with FDA, communities or mining cooperatives can be deputized by the FDA to collect charges for trees that are cut or to devise guidelines to encourage forest regeneration. Cooperatives can also implement policies that discourage clearing and simply abandoning unproductive areas. If reclamation is taken on as the responsibility of government for artisanal mining, minimum guidelines may still be set for progressive back-filling, or for abandonment of open pit work areas to avoid danger of accidents and the like. D4D partners can help promote/pilot applicable incentive schemes.

- Incentives for Good Practice. While clear regulations and the promotion of good practice are important, appropriate incentives for environmental compliance are needed as well. Inputs on the development of an incentive system shall be solicited from mining cooperatives and unions, the mining agencies, civil society, local government, and other partner agencies. Their resources can complement those of MLME/D4D.

- Monitoring Fund. Inspections and monitoring shall be supported with establishment of a trust fund against which shall be charged travel and expenses related to supervision and monitoring.

### 7.4 Development of Implementing Rules and Regulations for Small-scale Mining

Implementing guidelines on small-scale mining shall be developed by a Task Force and can be issued as a separate Administrative Order by the MLME; public consultation on draft implementing guidelines will be an opportunity for dialogue on impacts and costs of mining and on options and responsibilities. Features shall include:

- Coverage: not only small scale and artisanal diamond mining but also gold mining
- Identification, segregation and reservation of certain mineral lands as small scale (Class B) and artisanal diamond areas (Class C)
- Recognition of prior existing rights and productivity
- Recognition of rights of landowners and consultation processes
- Encouraging formation/strengthening mining cooperatives and unions
- Regulation of artisanal diamond mining with a view to improving productivity and rationalising mining practices
- Extension of technical, environmental, financial assistance and social services
- Establishment of environmental standards, sanctions and guarantee systems
- Extension of assistance in pricing, processing, marketing
- Generation of livelihood activities
- Addressing labour conditions, child labour and occupational safety
- Establishment of Community Development Fund for development of host communities
- Contribution towards the establishment of a mining trust fund
- Efficient collection of government revenue
- Devolution/decentralization of functions to local government, mining agencies’ role of civil society, tribes and cooperatives
- Role of large scale mining in development of small-scale mining; setting off of small-scale mining areas within mining concessions
- Participatory monitoring and dispute settlement mechanisms

### 7.5 Development of Labour, Occupational Health and Safety Standards

In coordination with the labour ministry, minimum standards shall be developed to promote workers rights and humane working conditions.

The Gold and Diamond Miners and Workers Union has a proposed plan to implement minimum wage and other worker benefits. This and other groups shall be involved in developing fair trade standards in artisanal mining.

As elsewhere, child labour is a concern in Liberia. Formal rules by themselves are not likely to stop the participation in mining activity of persons under sixteen. MLME shall coordinate with the Ministry of Labour in determining hazardous operations, processes and/or activities in mining in relation to the employment of minors.

Diggers should know their rights. Miners shall be informed of their responsibilities and the implications of non-compliance on license renewal. Appropriate educational materials on environmental and occupational health and safety practices, once developed shall be disseminated widely. Minimum health and safety requirements at the work place are spelled out – e.g. first aid supplies, clean drinking water, toilets, etc.

Other questions relate to training, mitigating impact of mining on education, requirements for reporting of injuries, liability in the face of death or injury, and monitoring and sanctions for violations.

Where possible, development of affordable group accident and health insurance shall be explored with the government insurance system as cooperatives stabilize and prosper. Miners and mining cooperatives have provided mutual aid in times of sickness and death. The institutionalisation of such a practice shall be encouraged.
7.6 Regional Cooperation and Fiscal Harmonization

Liberia is a member of at least 2 regional alliances – the Association of African Diamond Producing Countries and the Mano River Union.

Harmonization of fiscal regimes in the sub-region is a D4D strategy to improve benefits from artisanal diamond mining. Much work has gone ahead in preparation for harmonization and contained in earlier reports. The following are additional notes.

Liberia has the lowest royalty rate and mining charges in the Mano River Union. The same diamond exploration companies that are in Liberia are also in neighbouring countries showing that the determining factor is not so much fees but the availability of resources. Except for Ivory Coast which charges 20% diamond royalties, the Mano River Union and its neighbours - Gambia, Mali, Mauritania, Guinea-Bissau, Niger, Benin, Togo, Burundi, Chad, Angola, Zambia, all belong to UN’s Club of 50 Least Developed Countries (LDC).

West Africa is not a key exporter of diamonds but the Mano River Union and other African organisations can serve as a platform not only to harmonise but also to rationalise fee structures to help attain member countries’ objectives for growth. Like the Organisation of Petroleum Exporting Countries (OPEC), there are opportunities for raising the share of revenues for national development.

The global demand for diamonds is growing well in excess of 5% a year due in part to increasing consumer wealth in Russia, China, and India. Average prices of rough diamonds are up 10% from this time last year (February 2007).

Supply of diamonds is starting to decrease as older mines are coming to the end of their lives and not enough new mines are opening to replace that production. There has also been a great slow down in output of major producers such as South Africa and Zimbabwe due to energy and political problems. For several years now, the demand for diamonds has exceeded the supply and that trend is expected to continue for the next several years until new supplies are discovered.

Liberia can learn from the experience of African countries that have adjusted royalty rates above those of the Mano River Union. Regional and African organisations which meet regularly can be important forums for sharing viable models involving revenue structures, trust funds, and marketing strategies.

7.6.1 Licensing

Artisanal mining is costly to monitor due to its geographic spread and the numbers involved. The aim is to raise adequate revenues from licensing to cover cost of enforcement so that royalties can be used not only for administrative purposes but to contribute to poverty reduction. With rates pegged at $150 per miner and projected high rates of participation, administration of artisanal mining will still likely be subsidized.

Moreover, reduction of fees after consultations did not improve participation in a significant way even while there was expressed willingness to pay even higher license fees with assistance that would promote capacity to pay.

All these indicate the importance of balancing rate of fees with capacity to deliver services that in turn enhance miners’ capacity to pay.

7.6.2 Royalties

To overcome smuggling, a tendency may be to harmonize royalties, which are levied on diamond exports, using the lower/lower regional rates. Rates are 3% for Liberia and 5% for Guinea and Sierra Leone. On the other hand, it is 20% for Ivory Coast.

Miners and brokers who were interviewed thought that 10% was the reasonable royalty rate for diamonds and that 3% was too low by any standards for the kind of money brokers/dealers handled. This indicates a margin of goodwill that will be unused should the Mano River Union settle at a lower royalty rate.

The royalty rate reflects government’s policy for development and resource management. While there has been a significant rise in Sierra Leone’s diamond output with the discovery of kimberlites and compliance with the Kimberley Process, it is still one of the world’s least Developed Countries. This despite a 10 fold increase in diamond exports since after the war. Sierra Leone had production levels of over 506,723 k in 2003, 691,757 in 2004 but progressively went down to 668,798 for 2005 with another 10% drop in 2006 even with the success of cooperatives. This downward trajectory may foreshadow a possible trend for Liberia in the coming years. Many miners assess that they now need heavy equipment to get to the reserves in their mining claims.

Some International Models. In contrast to the trend in the Mano River Union, some countries in Africa decided to charge higher economic rent. But to provide further contrast, the revenue structure in a developed country - Canada, is cited since it hosts some of the same companies that are now exploring in Liberia.

With criticism that laws tied up the country to unfavourable royalty rates, the Northwest Territories in Canada revised its mining regulations to ensure that the mining royalty regime generated “a fair return for the extraction of Crown minerals.”

In Canada, mining projects are generally subject to three levels of taxation; a mining royalty/tax/duty which is levied by the level of government which owns the resource, the provincial governments in the provinces and the federal government. Diamond mining was not considered significantly different from other base metals to warrant a different structure of royalty. Open-pit mines have a 15-year mine life in contrast to 25 in Liberia.

Royalty rate was levied on the value of output on the following scale:

- $10,000 to $1 million: 3%
- $1 million to $5 million: 5%
- With the rate increasing 1% for each additional $5 million in value of output up to $35 million is 12%; outputs between $40 million and $45 million would be subject to a 13% rate and outputs of $45 million and above would be subject to a rate of 14%.

Originally, no royalties were required to be paid for the first 3 years after the start of commercial production. This provision was cancelled. Other duties were raised. In addition, royalty sharing under a Comprehensive Land Claim Agreements was set for indigenous peoples to receive a share of the resource royalties. In one of the sites, government agreed to remit 100% of the royalty to the Aboriginal group.

A rehabilitation fund set aside 6%. Aside from directly taxing companies, personnel and

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payroll taxes were also paid by non-resident workers. Cash payments of about $1 million per tribe were paid as annuity. It was arranged that joint ventures between aboriginal groups and service companies would be established. A secondary industry was also negotiated as a condition for diamond mining where companies sold raw diamonds locally to be cut and polished.21

But even with these, government admitted that royalties and fees could not cover costs for environment, social remediation, training, etc. On the other hand, BHP, now exploring in Liberia, got a profit of $800 million after paying up capital costs in 2 – 3 years. Similarly, Diavik, producing diamonds valued at 1.5 billion, was estimated to have had clear a profit of $300 – $500 million.22

Thus, a related concern for regional standardization is to be able to raise costs of mitigating various social and environmental impacts of mineral exploitation whether from small scale or large scale mining.

In Chile, mining operations are subject to income tax but not mining tax/royalty. A foreign company investing in Chile has a choice of paying income tax at the regular rate or entering into a contract with the state which fixes the income tax rate at 42% for 10-20 years. South Africa has royalty ad valorem charges of 2% quarterly to be within the internationally competitive margin of 10% of neighbouring countries. This is withheld from gross sales value.23

In the same way, the Mano River Union can balance adequate compensation with international competitiveness. The table below shows some models for national taxation. It does not include state royalties and/or state income taxes which most countries below also charge.

### Table 3

<table>
<thead>
<tr>
<th>Country</th>
<th>National Income Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>30%</td>
</tr>
<tr>
<td>Mexico</td>
<td>34%</td>
</tr>
<tr>
<td>Peru</td>
<td>30%</td>
</tr>
<tr>
<td>South Africa</td>
<td>43-215%: companies liable to secondary tax of 12.5% on net amount of dividend; 51-255% - companies exempt from secondary tax</td>
</tr>
<tr>
<td>US (Colorado)</td>
<td>35%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>30%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>30%</td>
</tr>
<tr>
<td>Australia</td>
<td>35%</td>
</tr>
<tr>
<td>Argentina</td>
<td>35%</td>
</tr>
<tr>
<td>Bolivia</td>
<td>25%</td>
</tr>
<tr>
<td>Botswana</td>
<td>29%</td>
</tr>
<tr>
<td>Brazil</td>
<td>33%</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>28%+4%surtax: 29.12%</td>
</tr>
<tr>
<td>Chile</td>
<td>15% plus 35% on distribution</td>
</tr>
<tr>
<td>Guyana</td>
<td>35%</td>
</tr>
</tbody>
</table>

Source: Bob Parsons, Comparative Mining Tax Regimes: A Summary of Objectives, Types and Best Practices, PricewaterhouseCoopers, 1998

#### 7.6.3 Surface Rental for Tribes

At this time, surface rental is not mandated for tribal lands. On the other hand, this can help realize the redistributive potential of mining since benefits can go directly to communities; it is also a way to redress for lack of benefits from years of resource exploitation. Provisions that recognise tribal land rights would be beneficial and need not depend on the legal recognition of ancestral land rights.

#### 7.6.4 Income and Local Taxation

Local government units in Liberia do not enjoy taxation powers at this time. Active roles in resource management can follow from devolution of certain rights and functions of state ownership. Some form of right to collect revenues – through business taxes, administrative charges or fines, may be reviewed with local governments and the Ministries of Finance and the Interior.

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22 Susan Alexander, Cows, Kin, Globalization: An Ethnography of Sustainability, 2006
23 Press Statement on the Minerals and Petroleum Royalty Bill
In Nimba, where miners/brokers were familiar with paying 10% sales tax on diamonds to the Taylor government; this is an antecedent for a system of direct collection of revenue shares. As long as production is improved, this is largely seen as a fair figure for local communities. Moreover, income taxation and the right of local governments to levy fees or charges based on locally established terms and standards for business operations may also be reviewed.

Immigration fees are collected in the documentation of foreigners in Nimba. Fines may be collected for those found violating zoning plans or other local government regulations. With the incentive of managing a share of revenues and being able to cover part of administrative expenses, local governments and tribes can help ensure that natural resource management plans and mining regulations are observed.

7.6.5 Foreigners and Border Coordination

Aside from fees harmonization, the Mano River Union (MRU) can benefit from border cooperation. Exchange and analysis of the diamond database of member countries can help track movement of illicit diamonds and facilitate law enforcement. Remedies to the issue of migrant workers that recognise historic, ethnic and other regional realities shall also be discussed within MRU and other African diamond organisations.

7.6.6 Fair Trade Diamonds

Peace Diamonds are marketed in Sierra Leone as a campaign to reverse the image of conflict diamonds. This can be adopted by strengthening standards for fair trade diamonds throughout the region. Another step is to consider certifying fair trade companies, mines, processors or brokers. Those that meet all applicable criteria are eligible for certification under a regionally developed Fair Labour Practices and Community Benefits Label.

Such an initiative can help improve the lives and livelihoods of diamond workers in Liberia while providing greater assurance to consumers and businesses that social responsibility commitments are being met. The Mano River Union can link up with the Council for Responsible Jewellery Practices which has members from across the sector of the diamonds and gold jewelry supply chain. Its aim is to address the industry’s ethical, environmental and social challenges.

The fair trade label can encourage social responsibility and good practice by corporate and small scale miners and by diamond traders; the initiative can be a basis for social marketing by international and local partners on behalf of diamond workers and mining communities.

This can govern invitations for responsible business partners by MLME or the Ministry of Trade and the MRU. It can help promote processing of diamonds, if so desired, as done in neighbouring countries. A Ghanaian businessman is interested to help set up diamond processing in Liberia. The fair trade label reinforces good practice; businessmen are also able to establish a market niche among increasingly sensitized diamond buyers.

Some requirements to achieve certification by mining companies and adjusted for small-scale mines include top quality hiring and employment procedures, workplace conditions, access for workers and their families to transportation, health, and education services, and the right to collective bargaining. Wages and overtime, environmental practices, child labour, occupational health and safety, and community engagement are issues that can be addressed in the requirements.24

This can be pursued with assistance from the trade ministry which can help set up a one stop shop to facilitate entry of diamond investors based on the principles of fair trade.

7.7 Trust Funds

The establishment of trust funds is a way by which natural resources revenues are channelled to address poverty and inter-generational equity.

A Diamond/Mineral Trust Fund can be established that sets aside a percentage of royalties or other mining contributions for designated uses - for poverty reduction, for investing in alternatives to mining, or to keep in escrow for future use with increased capacity to manage funds for development. However, it is indicated that royalty rates need to be reviewed for a more meaningful contribution of the industry to poverty reduction.

7.7.1 The Chad Model25

The Chadian Revenue Management Plan is largely seen as a model revenue sharing scheme through an attempt to externally promote wealth-sharing agreements.

Chad is not a major oil producer yet the projected $200 US million annual earnings from its oil fields in the Doba Basin would double the country’s current revenues.

Due to ongoing civil conflicts, a consortium of oil companies in Chad asked the World Bank to broker a revenue management plan that would avert corruption and misappropriation. The World Bank Group provided $115 million towards financing the project which linked absorption of this money to the development of a successful petroleum revenue management plan.

The Bank approved for this purpose two loans - the “Petroleum Sector Management Capacity Building Project” and the other for “Management of the Petroleum Economy.” The aim of the former was to strengthen Chad’s capacity to use its petroleum resources in an environmentally and socially sound manner; the latter was to assist the borrower to build and implement its petroleum revenue management strategy and enable it to effectively absorb and allocate expected oil revenue for poverty reduction.

As a response the government of Chad adopted in 1998 a law ‘Governing the Management of Oil Revenues’. Under Article 2 of the Law, oil revenues consisted of direct and indirect resources; the former included dividends and royalties, whereas the latter comprised of taxes, fees and customs duties related to oil exploration.

Direct resources were to be allocated to priority sectors, particularly public health, social services, education, infrastructure, rural development, environment and water, as follows: 80% was earmarked for expenses related to priority sectors; 15% was intended for operating and investment costs of the state, for a five year period from the production date, and 5% was intended for decentralized communities of the producing region.

24 Council for Responsible Jewellery Practices
25 Ibid, Bantekas

See 2003 Final EIR Report, supra n. 1, at p. 16, where the EIR Rapporteur concludes that ‘the key difference between resource-rich States that do well and those that do poorly is the quality of government institutions and government policies’.

In accordance with Article 4 of the Law, all indirect resources would be directly deposited into the Public Treasury account. In order to safeguard against corruption, direct resources would be deposited into special accounts of an international financing institution as offshore escrow accounts.

Many countries that established trust funds failed to achieve objectives in the face of authoritarian bending of the Funds’ rules, increased public spending, depletion of the funds’ revenues while breeding corruption.24

The Report on Extractive Industries and Sustainable Development cites the depletion of Papua New Guinea’s Mineral Resource Stabilization Fund (MRSF) on account of excessive public spending; Ecuador’s Petroleum Stabilization Fund turned into an additional source of revenue to finance regular budgetary expenditures.24

The case is different with regard to funds established in Ghana, Bolivia and Equatorial Guinea, where a significant proportion of revenues were channelled into development and poverty alleviation programmes. However, the Report notes that in the case of Ghana and Bolivia poverty remains entrenched.26

These experiences show the value of good governance, a revenue management plan, an adequate fiscal regime and transparency safeguards. Chad underscores the importance of capacity building in revenue management.

Actual and projected revenues are limited based on current production levels and royalty rates; the establishment of a trust fund becomes critical as diamond revenues increase. In the meantime, allocation of percentages of revenue share for certain poverty reduction priorities can be encouraged at national and local levels.

7.8 Installing Transparency Measures

Transparency and good governance is an important aspect of a mining reform agenda. The Extractive Industries Transparency Initiative (EITI) aims to strengthen governance by improving transparency and accountability in the extractive sector. A policy note on the implementation of the Extractive Industries Transparency Initiative was signed by President Ellen Johnson-Sirleaf in May 2007. The EITI sets a global standard for companies to publish what they pay and for governments to disclose what they receive.29 This can also be applicable to small-scale mining operators.

Transparency initiatives to be strengthened or that can be established are:

7.8.1 Publish What You Pay Campaign

This aims to help citizens of resource-rich countries hold their governments accountable for the management of revenues from mining industries in a manner that aids poverty reduction. The international campaign was founded by a coalition of over 300 hundred NGOs and is promoted by LEITI. Mining companies, including miners and mining cooperatives, shall be asked to comply with a reporting and disclosure system that shall be established

MLME can maintain a website or release consolidated reports that will be available to civil society, local government and the media. These shall also be made available to the international community through various extractive industry monitoring networks - especially involving the operations of large scale mines.

Many companies are in arrears in license and surface rental payments. Transparency measures can be an incentive for good practice for those who pay dues promptly or for those that implement community development initiatives and best practice environmental standards; publishing status of compliance with regulations, license fee payments, etc. can make firms and cooperatives more aware of their performance. For instance, AMA is a new American mining company and will be sensitive to transparency reports reaching the US. Liberian organisations in American which do a lot of policy and information campaigns in the US can be part of the network to raise awareness on American mining operations in Liberia. Coordination with the LEITI and other partners can help refine transparency measures to be adopted.

7.8.2 Mineral Gazette Publication

A gazette shall be an official medium for releasing information on mining policy issuances, mining rules and regulations, current listing of mining rights and their locations, listing of accredited brokers and mining cooperatives, listing of fees and taxes paid by companies, monthly diamond exports, as well as other information relevant to mineral resources development. It shall be published at regular intervals – at least annually with a nation-wide circulation. Copies shall be made available at mines regional offices, local government offices, university libraries, trade and investment and appropriate information offices, GODIMWUL and cooperatives and the like.

7.8.3 Using Mineral Resources Database Systems

The MLME is establishing a mineral database with help from USAID. On the other hand, the Open File System promotes access to mining and mineral data including exploration results.3

Mineral information to small-scale miners and mining agents can aid prospecting and operations. The USAID intended artisanal miners as an important set of users for the database. Benefit from data access can be enhanced with technical assistance to cooperatives and field personnel of MLME.

In addition, the Government Diamond Office maintains a separate database on diamond miners and certified diamonds. From this, it is possible to detect externally sourced diamonds that do not match the production and quality profiles of a site. Similar databases could be exchanged with other areas of potential traffic in smuggled diamonds; for instance, data sharing may be arranged within the Mano River Union.

In addition, open access to such information by the Gold and Diamond Miners and Workers Union would be helpful in monitoring its ranks. Officers of the organisation claim complete familiarity with the distinctive characteristics of diamonds per site. Their role in monitoring shall be recognised and procedures worked out accordingly.

Transparency of procedures on storage, disposal, and utilization of collection from confiscated diamonds can also be developed as a way to encourage support by local actors.

7.8.4 Publication of Indicative Fair Market Prices for Diamonds

Lack of information on valuation and prevailing diamond prices is a common complaint of miners. The viability of appropriate forms to provide indicative prices shall be reviewed.

7.8.5 Reporting Requirements and Fines

To support transparency requirements, every license holder shall submit regular reports such as follows.

• Quarterly report on production, sales and number of workers in a format that is prescribed by MLME submitted within a given time frame after the quarter.
This may be required even when there has been no production during the period. In this case, the causes for non-production are indicated.

- An integrated annual report in a prescribed format submitted after one or two months after the calendar year. Moreover, the report shall also be furnished concerned local government units at the county and/or district levels as decided by MLME and the Ministry of Interior. This shall also include an annual land use report.
- Quarterly Drilling Report, explosive consumption report, etc. by exploration companies and large scale mines with data requirements to be prescribed by companies and large scale mines with consumption report, etc. by exploration
- Semiannual report on environmental work plan for Class B and A
- General Accident Report using prescribed format and reporting time frame

Submission of applicable reports shall be made part of the terms and conditions of Mineral Development Agreements, small-scale mining permits, gemstone permits and others as these are granted. Late or non-submission of reports shall bear corresponding fines or penalties as these are granted. Late or non-submission of reports shall bear corresponding fines or penalties as determined by MLME.

### 7.8.6 Recording System and Publication Fund

MLME shall ensure that adequate budget be allocated every year from regular appropriations to sustain the recording and transparency system – e.g. mineral gazette publication, maintenance of mineral rights management/database system, etc. Funds allocated shall include adequate capital outlay for equipment support and subsequent software upgrades, cost of communication services for data exchange and publication, etc. The Gazette shall also be made available for subscription by the public at a reasonable price.

### Transparency Measures

- **Publish What You Pay** - mandatory disclosure of tax, fee and royalty payments made by oil, gas and mining companies
- **Extrative Industries Transparency Initiative** - multi-stakeholder initiative involving multinational extrative companies, host governments, business, industry, financial institution, investors and civil society (LEITI Publish-What-you-pay Campaign)
- **Open-File System** - open and transparent mineral development through open access to data - e.g. reports of annual company activities, exploration results, geophysical/geochemical survey results, and expenditures. (Thurma and Hoal)
- **GDO Database Utilization**
  - **Mineral Gazette Publication**
  - **Publication of Indicative Fair Market Prices for Diamonds**
  - **Consultative processes and participatory planning and monitoring**

### 8.1 Establishment of Small-scale Mining Unit in MLME

A focal unit within MLME will be needed to promote sustainable artisanal mining. This will enable government to have a clearer understanding of the issues and challenges in the sub-sector and to be better informed to come up with strategies for tackling them.

The appropriate organisational structure shall be discussed within MLME as an opportunity to thresh out internal jurisdiction concerns among units involved with diamonds. Certain functions may fall within the GDO; on the other hand, its integration and mainstreaming as a regular function of the Bureau of Mines is essential. While additional staff may be needed due to added scope of responsibilities, it may also mean simply reorienting concepts, functions and responsibilities of field staff of the Government Diamond Office and mining agencies.

Aside from current functions of the field offices of GDO and mining agencies, the unit will also promote participatory approaches in artisanal mining reform, refine rules and regulations on small-scale mining, strengthen miners and cooperatives towards adopting improved mining practices, help establish fair trade linkages for miners and community development initiatives for mining communities, and enhance cooperation with tribes, local governments and communities on sustainable mining.

It will undertake reforms not only for the diamond sector but for all small-scale mining including gold panning. It will also address issues and opportunities in gold recovery – e.g. mercury use, development and promotion of traditional jewelry making craft, etc., hand in hand with diamond-focused reforms.

The creation of the new department will need funding allocation; this may be an area for D4D assistance initially but it is important that ownership of the reform process takes root within MLME. As an additional cost centre, a measure of the unit’s viability will be its ability to facilitate participation and improved practices, thus helping raise the revenues to support its expanded operations.

Staff shall level-off on MLME’s sustainable mining concepts, strategies and plan of...
8.3 Role of Local Government and Traditional Structures in Mining and Natural Resource Management

Coordination and devolution of certain functions to local agencies and government units can improve enforcement of mining and immigration rules and integration of mining in natural resource management and local development plans.

8.3.1 Mining Agencies and Coordination with Local Structures

Local government officials note that mining increasingly brings social and environmental problems. Disputes are also on the rise. They seek coordination and information sharing on mining operations in their area. Guidelines shall be established on the role of local government units and tribal structures in mining in such as the following areas:

- Information Sharing
  - Information sharing on mining license, outputs and operations - local government as a recipient of MLME mining reports and of specific reports that are required from mining license and permit holders
  - Coordination and information sharing with local government and law enforcement bodies given that mining agencies sometimes straddle two counties with a mining office outside the jurisdiction of a particular county

- Devolution and Role Clarification
  - Clarification on jurisdiction of Mining Agency, judicial courts and traditional dispute settlement structures on mineral cases
  - Tribes and local government deputized to enforce mining and environmental laws
  - Formation of multi-sectoral mining boards with oversight functions on mining in the county

- Local Development and Natural Resource Management
  - Coordination on the preparation and implementation of natural resource management and/or local government land use and zoning plans
  - Help mobilize support for local development plans and mining cooperatives
  - Development and enforcement of local regulations on environment, business and mining operations

8.3.2 Natural Resource Management and Land Use Planning

Local government officials stress the importance of being able to exercise their role in determining development options within their jurisdiction. One way this can happen is through the preparation and implementation of land use and zoning plans.

Local governments shall be encouraged and assisted to prepare natural resource management and land use plans in collaboration with other agencies, including MLME, FDA, UNMIL ENRJ, D4D, etc. This can be a basis for local governments to help manage illicit mining by enforcing local land use and zoning plans. In the same way, tribes and communities can help determine best uses for designated areas, as well as identify water sources, segregate local forest reserves and off-limit areas for mining expansion, and the like. Furthermore, a participatory resource management plan can identify common artisanal mining areas that can be subject to EIA. In turn, contiguous mining sites facilitate monitoring, rehabilitation, delivery of services and enforcement of regulations.

The exercise can be piloted in border towns and hot spots such as Gbarpolu where there is interest in natural resource management planning due to unregulated mining by foreigners and conflicting land uses of proposed development plans. Done in cooperation with UNMIL and other agencies, resource management planning with tribal/miners participation can establish the mechanisms to jointly address identified concerns. Needed resources are determined, roles are clarified and commitments are gathered towards the implementation of an action plan.

8.3.3 Local Multi-Sectoral Mining Boards

Local mining boards shall be established at the county and/or district level for coordination and monitoring of mining concerns. These can be composed of mining agencies, tribal leaders, local government, and community and law enforcement representatives. These shall facilitate joint problem solving and information sharing by various sectors on mining concerns.

8.4 The Inter-Ministerial Bodies and Policy Concerns

An Inter-Ministerial Committee is charged with coordinating implementation of the KPCS; another is a High Level Steering Committee that coordinates donor support and policy development.

Small-scale mining affects and is affected by developments in other sectors. Coordination on policy issues and operational concerns can be initiated within these bodies. Working groups can be activated to study and draft proposals that may serve as input in the preparation of an integrated resource management plan.

- Competing land uses – e.g. forestry
and mining areas; reconciliation of conflicting provisions of mining and forestry laws.

- Mitigation of impact of plantations and artisanal mining on protected zones – incentives to forest communities, livelihood options.
- Strategy for hot spots – mining in national forests.
- Diamond mining and trading by foreigners.
- Labour and occupational health and safety.

8.5 Artisanal Diamond Mining Cooperatives and Associations

Formation of mining cooperatives shall be supported. Government shall strengthen diamond mining associations as partners in reforming the industry. It shall strengthen self-regulation by miners and diggers unions and cooperatives as well as by dealers and brokers associations.

This is institutionalised through representation in local mining boards, in a diamond marketing board, and other oversight bodies that may be established. This can be reinforced through joint planning, consultation and information sharing. Aside from cooperatives, the position of the Mining Town Chairperson as a community facilitator shall be strengthened. There are problems of acceptability of chairpersons in some sites. Roles and selection procedures shall be reviewed to consider community feedback.

8.6 Needed: Champions for Sustainable Mining

Within the MLME, a strong leadership role is needed to clarify new directions for artisanal diamond mining under a collaborative framework. Champions for reform can create a consensus on the concept and strategies for equitable and sustainable mining. This is important as MLME embarks on mining reform and as it clarifies its position on key policy and operational challenges.

MLME, which encompasses the Bureau of Lands, can take an advocacy role on land reform and natural resource management. It can take the initiative to redress land tenure and resource management and access issues in the Mining Code and its Implementing Regulations. In addition, MLME can model transparency in extractive industries and the institutionalisation of processes and structures for cooperation within the industry, with other agencies and civil society, as well as with local government and communities.

Advocacy can build the support base and mechanisms for sustainable mining. Champions are needed to overcome resistance to change by those that benefit from existing relations in the industry. Champions are needed to motivate small-scale miners and other stakeholders to participate in the Kimberley Process and adopt best practices; they are needed to inspire MLME staff and encourage a progressive role of large scale mining in mentoring small-scale miners and developing sustainable mining communities even as implementing guidelines are updated to reflect such a responsibility.

Champions for sustainable mining outside of MLME are equally important and need to be actively nurtured. These can be the miners and their organisations, the media, corporate mines, civil society that has been at the forefront of environmental activism, the national leadership and leaders of branches of government. There are organised well-placed Liberians outside the country who would like to participate in the reform process. All can help realize the objectives of the Diamonds for Development Programme. Their participation shall be promoted and clarified in coordination and joint planning exercises.

8.7 Capacity Building

The proposed action plan for MLME is based on a framework of multi-sectoral cooperation. Thus, it entails additional staff competencies and responsibilities for the small-scale mining unit/units in charge of artisanal mining reform. Hiring or training shall then strengthen staff capacity not only on the Kimberley Process and best practice artisanal mining. It shall also promote staff development on additional skills such as strategic planning, advocacy, community organisng and networking, valuation and marketing, training and environmental education.

Capacity building occurs at two levels – at the level of staff implementers and allies and at the level of miners and diggers and their organisations. A staff training and technical assistance plan shall be prioritized based on identified competency gaps for various components. Some training needs and capacity building activities are identified in a Sample Action Plan in Annex 5 for certain components. These shall be updated consistent with confirmed strategies and activities.

Development and law enforcement partners such as local government units, tribal leaders, police and immigration authorities also need to be informed of applicable environmental and mining regulations. Thus far, identified areas of support by local partners are database analysis and logistical requirements for managing influx of foreigners, orientation on mining regulations and natural resource management and land use planning.

Miners and diggers and their cooperatives and unions also require organisational strengthening and technical assistance. Separately, a community organising component targets capability building not only for miners but also for mining communities in coordination with other agencies.

The proposed strategy recognises the integrated nature of the problems and issues in mining communities. Also, certain threats are often outside the direct mandate of MLME. This is the case in advocating land use planning by local government or promoting community planning and enforcement of immigration laws in mining towns. Therefore, action planning shall be with partner agencies in mobilizing technical and other forms of assistance for needed reforms.

8.8 D4D Role in Strategy Formulation and Plan Implementation

The Diamond for Development Programme can be a forum for multi-sectoral coordination on mining reform and the development of mining communities. It can also support the development of mechanisms for accountability and oversight to ensure that resource revenues are allocated for poverty reduction – through explicit links with the PRSP (Poverty Reduction Strategy Paper) and its planning processes.

A secretariat, which can be a designated responsibility centre within MLME, can facilitate the preparation and implementation of a collaborative Action Plan with MLME, donor agencies, civil society, local government and national agencies, the mining sector and others.

In this connection, a meeting with donor agencies and key programmes with diamond initiatives shall be conducted to coordinate on strategies and priority undertakings and identify resources – funds, technical, training materials and others that may be available or accessed through the network.

The Diamonds for Development Initiative, the USAID and WorldBank, LEITI, Green Advocates are among those with diamond programmes. D4D can then allocate programme funds knowing what resources are available or are being committed by each agency.

Initially, team composition shall have a representative for key components such as Community Organising, education and training, and environmental management. Members of the team shall prepare and assist in the implementation of action plans for each component. Access to capital and technology is an incentive for KPCS participation but these are not readily available in and outside of the
network. A vital function of the secretariat is linkaging and resource generation.

While MLME’s the small-scale mining unit and mining agencies implement field activities, D4D shall generate support for identified components of mining reform. For instance, potential partners for Community Development initiatives in mining communities are NGOs, sectoral programmes and agencies, etc.

D4D can also assist in on-going consultations and strategy and action planning exercises such as with:

- Local governments, immigration and law enforcement agencies to firm up procedures on sharing of information and enforcement of mining and immigration rules.

- Gold and Diamond Miners and Workers Union to discuss reforms in benefit sharing arrangements, strengthening of roles in KPCS compliance and community development.

- Brokers and dealers and how they can help strengthen the Kimberley Process and support fairer benefit sharing.

- Universities and technical schools, in the development and promotion of short and full-term courses on mining, environment, marketing, etc. for small-scale and artisanal miners.

The network can take on advocacy roles on specific industry and broader policy concerns. An important group that is yet to be fully integrated into the reform process is that of Liberians abroad. D4D can also provide a framework for cooperation with organised Liberians abroad.

While D4D is a programme and one that must end, an aim is to strengthen participatory processes and structures that can be institutionalised to support the reform process into sustainability. A Liberian-led network for sustainable mining can be built into the concept and processes of D4D. This will promote MLME-society linkages that will continue as UNDP and other donor programmes phase out.

Reform is not likely to be short-term. Certain activities that are started within the period may take time to mature and will continue into succeeding phases. Figure 7 shows a perspective on the time dimension of sustainability.

**Figure 6**
The Time Dimension of Sustainability
Poverty and Social Impact Assessment on Artisanal Diamond Mining Liberia

Table 4 has a summary of goals through time in relation to the pillars of sustainability. These are fleshed out in the sample action plan in the Annex which shows simultaneous efforts at the policy and community levels with a view towards institutionalising workable mechanisms and practices.
Attainment of reform objectives shall be monitored. Indicators shall be developed that can be integrated in mining agencies’ field reporting requirements. Some sample indicators are listed below. These are along viability indicators to measure change in mining policies and practices and their impact on miners and the community.

Monitoring is not intended to be a significant cost centre. Community information can be obtained from cooperatives and mining chairmen. Benchmarks shall be gathered per mining community at the onset by mining agencies. A regular reporting time frame is set which may correspond with quarterly reporting by miners.

### Table 4

**Action Matrix for Diamonds and Development Programme Poverty and Social Impact Assessment on Artisanal Diamond Mining Liberia**

<table>
<thead>
<tr>
<th>Pillars of Sustainability</th>
<th>Immediate Goal - Improvement of Kimberley Process</th>
<th>Transformation Goal – Capacity Building</th>
<th>Immediate Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>Manage border entries and export points</td>
<td>Develop alternatives to illicit mine extraction and trading</td>
<td>Social preparation for large scale mining and plantations</td>
</tr>
<tr>
<td></td>
<td>Improve monitoring and law enforcement on mining and smuggling</td>
<td>Promote developmental role of large scale mining in relation to communities and small miners</td>
<td>Fair trade partnerships</td>
</tr>
<tr>
<td></td>
<td>Develop processes and coordinate to address issues in hot spots and diamond rush areas</td>
<td>Trust fund/allocation for poverty reduction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Communicate and consult on impacts; transparency, new regulations and roles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth with Equity</td>
<td>Ensure that process does not inadvertently displace returning refugees from mining claims</td>
<td>Implement transparent and fair processes for new resource concessions</td>
<td>Trust fund for development of alternatives to resource extraction</td>
</tr>
<tr>
<td></td>
<td>Reform benefit sharing arrangements in industry</td>
<td>Promote developmental role of large scale mining in relation to communities and small miners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Install transparency measures to discourage elite capture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social and Economic Well-Being</td>
<td>Improve benefit sharing arrangements</td>
<td>Negotiate fair deals involving Mining Development Agreements</td>
<td>Multi-sectoral partnership on sustainable mining</td>
</tr>
<tr>
<td></td>
<td>Reduce negative impact to communities</td>
<td>Trust funds/capacity to manage resource revenues to required standards of transparency and accountability</td>
<td>Diversify economy</td>
</tr>
<tr>
<td></td>
<td>Identify quick result opportunities for large scale employment while preparing diggers for alternative livelihoods (Community Development Plan)</td>
<td>Develop economic policies to limit economic risks associated with resource dependency</td>
<td>Add value - processing and secondary industries</td>
</tr>
<tr>
<td></td>
<td>Increase productivity</td>
<td>Review terms of resource concessions and seek revisions where these do not allow transparency or social and environmental safeguards; implement transparent and accountable system for new mining concessions</td>
<td></td>
</tr>
<tr>
<td>Governance and Participation (People Empowerment)</td>
<td>Coordination with local government, tribes, communities, cooperatives and miner organisations</td>
<td>Transparency</td>
<td>Transparency</td>
</tr>
<tr>
<td></td>
<td>Implement revenue sharing scheme</td>
<td>D4D as broad network for sustainable mining/development – Organisational Development for inclusive processes in M4LME operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Integrated approach to address issues in hot spots</td>
<td>Multi-sectoral partnership on sustainable mining</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adoption of consultative and participatory processes</td>
<td>Diversify economy</td>
<td></td>
</tr>
<tr>
<td>Ecological Integrity</td>
<td>Update policies and implementing regulations</td>
<td>Training and access to technology</td>
<td>Alternatives to small-scale mining</td>
</tr>
<tr>
<td></td>
<td>Education, training and access to technology</td>
<td>Organisational Development and Capacity Building</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promote self regulation by mining cooperatives, unions and organisations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 5

**Measuring Change in Artisanal Diamond Mining Poverty and Social Impact Assessment on Artisanal Diamond Mining Liberia**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of households</td>
</tr>
<tr>
<td></td>
<td>Number of households with mining as primary source of income</td>
</tr>
<tr>
<td>Benefit Sharing Arrangements</td>
<td>Sharing arrangement between digger and miner</td>
</tr>
<tr>
<td></td>
<td>Number of landowners collecting surface rent</td>
</tr>
<tr>
<td></td>
<td>Income of tribe from mining</td>
</tr>
<tr>
<td></td>
<td>Total contributions to Community Development Fund</td>
</tr>
<tr>
<td></td>
<td>Number of mining cooperatives</td>
</tr>
<tr>
<td></td>
<td>Number of members of mining cooperatives</td>
</tr>
<tr>
<td></td>
<td>Number benefited from mutual aid</td>
</tr>
</tbody>
</table>
Some critical expense categories for implementation of KPCS and sustainable mining are shown on Table 6 below. This is not a proposed budget for the D4D Programme. Based on the assessment, it indicates some cost centres for MLME and D4D Programme and partners. Some items have cost estimates for the preparation of an action plan with corresponding budget.

A donor consultation will help determine what resources are available from the network including non-government organisations which may have existing resources such as training modules, etc. Support for miners and community development of mining communities shall also be discussed within the context of commitment building and budgeting for the Poverty Reduction Strategy Paper.

Resource generation shall be needed where budget is not available from the network - such as capital for miners and for scholarships and training of miners and staff. Not all activities may require expense outlay – e.g. broadcasting of monitoring results need not be paid with media as partners on transparency. Moreover, decision can be made to reduce training cost, for instance, by training onsite rather than in Monrovia.

A development assistance package specifically for miners is needed for Sapo. Implementation is worked out within the Sapo National Workforce. Similarly, setting up a diamond/mineral trust fund can be a joint undertaking with lead roles, for instance, by the World Bank which played a major role in the establishment of the Chad Petroleum Trust Fund.

Thus, while D4D is a programme with its own thrusts and resources vis-à-vis identified priorities, a significant contribution is to assist MLME in resource generation for the implementation of key components.

### 11.1 New Personnel

New competencies were identified to implement the reform agenda. New personnel or training of existing personnel for additional functions may be needed as MLME establishes a small-scale mining unit to implement various components of proposed action plan. This may entail reorganisation within the MLME. The composition of the D4D secretariat may correspond with key programme components in order to facilitate technical assistance along with other donor agencies.

### 11.2 Capacity Building

Training is a major expense category. Coordination among network agencies and supporters would determine available resources.
Capacity Building for sustainable mining is directed at project implementers and miners and diggers and their cooperatives and organisations. Appropriate training programmes for miners and community representatives can be arranged with partner universities or other institutions. This may be in the fields of business management, environmental management, cooperatives development, valuation, and other short courses or seminars.

The University of Liberia is prepared to offer needed full-term or short term courses to improve small-scale mining and prepare for large scale mining. Other technical schools and higher institutions of learning can also be partners. Technical schools may require assistance in the preparation of curriculum and training modules.

Table 6 has an initial list of groups with training programmes on environmental management. Training programmes by partners can be replicated onsite. These include EPA and Green Advocates that can provide training for both miners and diggers and MLME staff in the areas of Environmental Inspection, Environmental Management, Land Tenure, Artisanal Mining Management, Development and Environmental Management.

The University of Liberia is another resource. Organised Liberians outside the country also bring into resources and expertise and are most interested in participating in the reform process. UNMIL, the World Bank and USAID’s LIBAMM/I/IBI (Liberia Improved Budget, Assets, and Mining Management/International Business Initiative) are some of those that have provided and may have resources for capacity building.

11.4 Investment Opportunities

Access to capital is a challenge without which mining reform may be difficult. The table identifies strategic areas of investment by D4D or the private sector. The role of the private sector in facilitating access to improved technology shall also be encouraged.

Portable washing plants and water pumps improve productivity. These are not costly items that can be lent out to cooperatives that will manage repayment and use of equipment by members, in turn enabling capital build up. The law restricts mechanisation of artisanal mining but others are ready to advance to Class B licenses especially in over-mined areas. This is the case in Nimba where miners would like to mine at deeper levels than is allowed by existing tools. A link up with formal lending sources would be ideal.

Table 6

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Requirements</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. KPCS Improvement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital-lending (Receiving funds of cooperative for improvement of equipment and technology)</td>
<td>EODA advocacy for private sector participation Commitment of resources by partner agencies</td>
<td>Private sector D4D members – NGO or block fund by network to be managed by bank or NGO UNDP Youth Employment Programmes, UNDP D4D, UNDP CBRR, etc.</td>
</tr>
<tr>
<td><strong>Table 6 Some Cost Centres of Proposed Implementation Plan Poverty and Social Impact Assessment on Artisanal Diamond Mining</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Capacity Building</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2.1 Staff Training</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Management for MLME field staff</td>
<td>Development of training modules</td>
<td>MLME and D4D with USAID, UL, Green Advocates, USAID, World Bank, NGOs LEITI</td>
</tr>
<tr>
<td>Participatory processes</td>
<td>Community organising manual for field staff</td>
<td></td>
</tr>
<tr>
<td>Community organizing and networking</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2.2 Miners, Diggers and Organisation Leaders</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperative Development</td>
<td>Training of trainers</td>
<td>MLME, D4D, University of Liberia, LEITI, EPA, Green Advocates, etc</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valuation</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3. Education and Awareness Raising</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop communications plan and materials</td>
<td>Check available materials of network members - reproduction cost; depends on media chosen</td>
<td>MLME, UNMIL Radio Kompa Radio Public radio stations Tribal leaders, LIMEDE, D4D complementation on development, reproduction and dissemination</td>
</tr>
<tr>
<td><strong>4. Community Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Supply</td>
<td>US$1,900 per pump + $50 annual maintenance + $4 – 8 per community</td>
<td>Mining Cooperatives</td>
</tr>
<tr>
<td>Support to Community Development Plans</td>
<td>Community/miners development plan Coordination among donors and development agencies</td>
<td>D4D, local government, mining company, NGO and agency programmes in the area</td>
</tr>
</tbody>
</table>

11.5 Community Development in Artisanal Mining Areas

Community development plans and proposed changes can be supported in coordination with existing services, programmes and groups for a given site. These may include the FDA, other agencies, NGOs – e.g. Catholic Relief Services, CCF, Liberia Agency for Community Empowerment (LACE), and UNMIL, UNDP, Liberia Employment Action Plan (LEAP), USAID programmes for rehabilitation and reintegration and sustainable livelihood development, etc.

11.3 Hot Spots

Hot spot refers to areas such as border towns and critical areas such as Sapo, Krahn-Bassa and Kongba where there is tension and potential violence or serious environmental threat. The Working Group for the Sapo National Park has received commitments for development assistance for the communities in the area. Also needed is development assistance for miners and diggers, who are mostly not from the area, which can be packaged as incentive for them to relocate permanently. Table 6 also identifies mining and immigration enforcement related expenses that may not be covered by FDA and development funds, thus a potential area for external assistance.
The sample action plan in Annex 5 summarizes some activities based on the assessment and recommendations. Activities are indicative and subject to validation after strategies are firmed up within MLME and as a collaborative exercise. Available resources are then determined from within the D4D Programme and partners.

Planning to address immediate concerns in KPCS implementation and mining reform can be a sectoral undertaking at first—such as among donors and artisanal mining support organisations, with the miners’ union, with brokers, dealers or with environmental agencies and groups, and local governments, etc. In every case, coordination and planning shall proceed from a common assessment of the situation in arriving at targets, strategies and activities to be undertaken.

Workshops determine requirements for implementation, what resources are available and that need to be sourced, set timing for activities, etc. Where resources are not available from within the network to implement a particular course of action, advocacy and planning for resource generation becomes another activity. This would be the case if MLME and D4D respond to miners’ capital and technical needs as leverage for reform.

Other initiatives are underway and MLME can coordinate with existing working groups on mining in Sapo, or on strengthening transparency consistent with national programmes such as the LEITI, and so on. As plans and policies and procedures are clarified, these are subject to consultation at local levels.

Establishment of a D4D Programme Secretariat and the designation of a small-scale mining unit in MLME which can accommodate additional responsibilities and programme components can facilitate internal and inter-agency planning for artisanal mining reform and poverty reduction.

MLME and D4D Programme action plans can then be prepared in relation to prioritized components and in terms of organisational development for sustained plan implementation—e.g. Capacity Building of project implementers, etc.

---

**Sample Plan in Annex 5 identifies activities for components such as D4D Organising, MLME Organisational Development and Capacity Building, KPCS and Mineral Policy Reform and Community**
The table below summarizes status of artisanal mining and identified impacts alongside proposed mitigating measures.

### Summary of Impacts and Proposed Mitigation Measures

#### Poverty and Social Impact Assessment on Artisanal Diamond Mining

**Kimberley Process Certification Scheme (KPCS)**

<table>
<thead>
<tr>
<th>Conditions and Impacts of KPCS and Mining Policies</th>
<th>Proposed Mitigation Measure</th>
<th>By Whom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low participation</td>
<td>Continuing information dissemination</td>
<td>MLME</td>
</tr>
<tr>
<td>Support cooperative access to capital, technology, etc.</td>
<td>MLME/GoL/MRUL/MLME</td>
<td></td>
</tr>
<tr>
<td>Diggers as partners in mining</td>
<td>M4D</td>
<td></td>
</tr>
<tr>
<td>Diggers as partners in mining</td>
<td>MLME</td>
<td></td>
</tr>
<tr>
<td>Low income from mining</td>
<td>Link with Ministries of Trade, Tourism, etc.</td>
<td></td>
</tr>
</tbody>
</table>

**Lack of coordination among agencies**

<table>
<thead>
<tr>
<th>Budgetary support</th>
<th>MLME</th>
</tr>
</thead>
<tbody>
<tr>
<td>MLME</td>
<td></td>
</tr>
</tbody>
</table>

**Access to finance is difficult**

<table>
<thead>
<tr>
<th>Support cooperative access to capital, technology, etc.</th>
<th>MLME, D4D, National banks, brokers and dealers</th>
</tr>
</thead>
</table>

**Summary of Impacts and Mitigating Measures**

1. Low participation
   - Continue information dissemination
   - MLME/D4D

2. Lack coordination among agencies
   - Budgetary support
   - MLME

3. Access to finance is difficult
   - Support cooperative access to capital, technology, etc.
   - MLME/D4D/D4D network

### Poverty and Social Impact Assessment on Artisanal Diamond Mining

#### MEASURES AND MITIGATING MEASURES

<table>
<thead>
<tr>
<th>Summary of Impacts</th>
<th>Mitigating Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Low participation</td>
<td>MLME, D4D, D4D network, National banks, brokers and dealers</td>
</tr>
<tr>
<td>2. Lack coordination among agencies</td>
<td>MLME, D4D</td>
</tr>
<tr>
<td>3. Access to finance is difficult</td>
<td>MLME, D4D, D4D network, National banks, brokers and dealers</td>
</tr>
</tbody>
</table>

**Low productivity (25 – 40%)**

- Promote portable washing plants as low-risk investment for potential investors
- MLME/D4D

**Dependency on external funding of operations**

- Encourage attitudinal change
- MLME/D4D

**Low income from mining**

- Diggers as partners in mining
- MLME/D4D

**Social impacts**

- MLME, Police, Immigration, local government, tribes and miners, MRU
- MLME/LIIT, MRU
10. Lack of benefits by mining communities

- Community development fund
- Procedures for recognition of tribal/surface land rights – re surface rental, damages, encroachments
- Role of tribes and clans in monitoring
- Support for Community Development and Resource Management Planning

Miners and cooperatives
MLME
Tribes and clans
D4D network, local government and agencies

11. Disruption of studies due to war and mining

- Alternative learning systems
- Skills training and apprenticeship programmes
- Support for Community development plans
- Recognition of tribal land rights
- Role of tribes and clans in monitoring

Ministry of Education D4D, UN, Green Advocates, etc.

12. Gender and child labour

- Labour and safety standards and practices
- Incentives for education
- Options for youth – e.g. youth employment and alternative education programmes
- Get support for community development plans
- Gender integration in mining

Miners and cooperatives
D4D, Ministry of Education
MLME

13. Social issues – increased violence, theft, etc

- Empower local structures to deal with disputes
- Recognition of tribal/landownership
- Diggers are partners in mining
- Technical assistance; access to mineral information
- Segregation of artisanal mining areas with EIA
- Local land use and zoning plans
- Information on safety standards and practices
- Precautions for mining emergencies
- Preparedness for mining emergencies at town clinics

Miners and cooperatives
D4D, UN, USAID
MLME
MLME, UNIL, Radio Kongba, Radio Diggers
MLME, Health and Labour ministries
MLME

14. Potential impact of large scale mines

- Recognition of tribal land rights
- Segregation of artisanal mining area within and outside of corporate mining claims
- Social acceptance and prior informed consent provision in EIA
- Just compensation and resettlement package
- Partnership with mining firms for community development and sustainable mining

MLME, UNIL Radio, Radio Diggers, Radio Public, Tribal leaders, LIHEDE, D4D complementation

15. Expansion of mining into Sapo and other critical forests

- Incentives for enforcement by tribes and communities; support for alternative livelihood and local development plans for communities and miners

Mines and cooperatives
D4D, FDA, MA, civil society, UNIL, local government and donor agencies

16. Haphazard digging

- Information on safety standards and practices
- Enforce responsibility of miners to provide access to safe water and improved nutrition

MLME, Health and Labour ministries

17. Open pits

- Information on safety standards and practices
- Enforce responsibility of miners to provide access to safe water and improved nutrition

MLME

18. Proneness to preventable diseases

- Information on safety standards and practices
- Enforce responsibility of miners to provide access to safe water and improved nutrition

MLME, Health and Labour ministries

19. Mining accidents

- Information on safety standards and practices
- Enforce responsibility of miners to provide access to safe water and improved nutrition

MLME

Environmental Impacts

15. Expansion of mining into Sapo and other critical forests

- Incentives for enforcement by tribes and communities; support for alternative livelihood and local development plans for communities and miners

Mines and cooperatives
D4D, FDA, MA, civil society, UNIL, local government and donor agencies

16. Haphazard digging

- Technical assistance; access to mineral information

MLME, USAID

17. Open pits

- Segregation of artisanal mining areas with EIA; reclamation fee

MLME

18. Proneness to preventable diseases

- Information on safety standards and practices
- Enforce responsibility of miners to provide access to safe water and improved nutrition

MLME, Health and Labour ministries

19. Mining accidents

- Information on safety standards and practices
- Enforce responsibility of miners to provide access to safe water and improved nutrition

MLME

Annex 1 Partial Attendance: Consultations for PSIA
November – December 2007

<table>
<thead>
<tr>
<th>Name</th>
<th>Institution</th>
<th>Position</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frances Naiga Mwonge</td>
<td>UNIL-PPS</td>
<td>Political analyst</td>
<td>N/A</td>
</tr>
<tr>
<td>K. Moses Monponor</td>
<td>Ministry of Internal Affairs</td>
<td>Development superintendent</td>
<td>Bopolu, Gbarpolu County</td>
</tr>
<tr>
<td>Vincent Daka</td>
<td>UNIL-Civil Affairs</td>
<td>Civil affairs expert</td>
<td>Gbarpolu County</td>
</tr>
<tr>
<td>Paul M. Kimba</td>
<td>Ministry of Gender</td>
<td>Gender coordinator</td>
<td>Gbarpolu County</td>
</tr>
<tr>
<td>Abue Jackson</td>
<td>Community</td>
<td>Youth chairman</td>
<td>Gola-Konneh District</td>
</tr>
<tr>
<td>Musa Perry</td>
<td>DDC</td>
<td>Chairman of DDC</td>
<td>Gola-Konneh District</td>
</tr>
<tr>
<td>Beatrice Seh</td>
<td>Community</td>
<td>Woman representative</td>
<td>Gbarma District, Gbarpolu County</td>
</tr>
<tr>
<td>Arthur G. Gbayor, Sr</td>
<td>Government Diamond Office</td>
<td>Regional officer</td>
<td>Lofa Bridge, Grand Cape Mount</td>
</tr>
<tr>
<td>Mosas K. Tatoo</td>
<td>Ministry of Lands, Mines and Energy</td>
<td>Mining agent/regional coordinator</td>
<td>Lofa Bridge, Grand Cape Mount</td>
</tr>
<tr>
<td>Amos Musa</td>
<td>Internal Affairs</td>
<td>Commissioner</td>
<td>Gola-Konneh District</td>
</tr>
<tr>
<td>J. Yoko Rogers</td>
<td>Internal Affairs</td>
<td>Project planner</td>
<td>Gbarpolu County</td>
</tr>
<tr>
<td>Ablubok Alus</td>
<td>UNIL Civil Affairs</td>
<td>N/A</td>
<td>Grand Cape Mount</td>
</tr>
<tr>
<td>Gibbil Allan Turay</td>
<td>UNIL Civil Affairs</td>
<td>N/A</td>
<td>Grand Cape Mount</td>
</tr>
<tr>
<td>Muchiri Murenga</td>
<td>UNIL Civil Affairs</td>
<td>County coordinator</td>
<td>Bopolu, Gbarpolu County</td>
</tr>
<tr>
<td>Atty. Richard G. David</td>
<td>Ministry of Justice</td>
<td>N/A</td>
<td>Grand Cape Mount</td>
</tr>
<tr>
<td>David B. Gaylor</td>
<td>Education</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Atty. Philip Z. Malik</td>
<td>Ministry of Justice</td>
<td>County attorney</td>
<td>Grand Cape Mount</td>
</tr>
</tbody>
</table>

Environmental Impacts

15. Expansion of mining into Sapo and other critical forests

- Incentives for enforcement by tribes and communities; support for alternative livelihood and local development plans for communities and miners

Mines and cooperatives
D4D, FDA, MA, civil society, UNIL, local government and donor agencies

16. Haphazard digging

- Information on safety standards and practices
- Enforce responsibility of miners to provide access to safe water and improved nutrition

MLME, Health and Labour ministries

17. Open pits

- Segregation of artisanal mining areas with EIA; reclamation fee

MLME

18. Proneness to preventable diseases

- Information on safety standards and practices
- Enforce responsibility of miners to provide access to safe water and improved nutrition

MLME, Health and Labour ministries

19. Mining accidents

- Information on safety standards and practices
- Enforce responsibility of miners to provide access to safe water and improved nutrition

MLME
### Attendance table 2: Focus group discussion with local government and community representatives, DDC and law enforcement – Saniquellie, Nimba County

<table>
<thead>
<tr>
<th>Name</th>
<th>Institution</th>
<th>Position</th>
<th>Address/other</th>
</tr>
</thead>
<tbody>
<tr>
<td>F. Mohamu Kromah</td>
<td>Ministry of Internal Affairs</td>
<td>Acting superintendent</td>
<td>Saniquellie, Nimba County</td>
</tr>
<tr>
<td>Alice Paye</td>
<td>DDC</td>
<td>Secretary</td>
<td>Saniquellie</td>
</tr>
<tr>
<td>Samuel G. Korouci</td>
<td>DDC</td>
<td>Co-chairman</td>
<td>Saniquellie</td>
</tr>
<tr>
<td>George Kehnah</td>
<td>LRRPRC</td>
<td>Monitor</td>
<td>06-630-883</td>
</tr>
<tr>
<td>G. Danbor Gbanlon</td>
<td>Ministry of Internal Affairs</td>
<td>District commissioner</td>
<td>Saniquellie</td>
</tr>
<tr>
<td>Col. Darius M. Vonleh</td>
<td>Ministry of National Security</td>
<td>County commander</td>
<td>Saniquellie, Nimba County</td>
</tr>
<tr>
<td>Col. Clarence Gibson</td>
<td>Bureau of Immigration and Naturalisation</td>
<td>County commander</td>
<td>Saniquellie, Nimba County</td>
</tr>
<tr>
<td>Pat. Patrick Garbo</td>
<td>Liberia National Police</td>
<td>Shift supervisor</td>
<td>Saniquellie, Nimba County</td>
</tr>
<tr>
<td>Johnson M. Kpekanah</td>
<td>Lands Mines and Energy</td>
<td>Mineral inspector</td>
<td>Saniquellie agency</td>
</tr>
<tr>
<td>Col. Paye M. Layeh</td>
<td>NBI</td>
<td>Regional commander</td>
<td>06-440-240</td>
</tr>
</tbody>
</table>

### Attendance table 3: Consultation with local government agencies and officials – Kungbor, Gonba District, Gbarpolu County

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Position</th>
<th>Contact information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raymond Kpoto</td>
<td>Internal Affairs</td>
<td>Town chief</td>
<td>Kungbor</td>
</tr>
<tr>
<td>Maj. Stanley Roberts</td>
<td>Immigration</td>
<td>Commander</td>
<td>05-868-992</td>
</tr>
<tr>
<td>Lt/COL. Othello Gaye</td>
<td>Immigration</td>
<td>Chief PISD</td>
<td>05-868-992</td>
</tr>
<tr>
<td>Nagbe George</td>
<td>Liberia National Police</td>
<td>Commander</td>
<td>06-970-070</td>
</tr>
<tr>
<td>Lt. Alexander Conteah</td>
<td>Immigration</td>
<td>Officer</td>
<td>Kungbor</td>
</tr>
<tr>
<td>Varney Gbalya</td>
<td>Judiciary</td>
<td>Magistral officer</td>
<td>Kungbor</td>
</tr>
</tbody>
</table>

### Attendance table 4: Consultation with local government agencies and officials – Bahn, Nimba County

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Position</th>
<th>Contact information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas Karngbeae</td>
<td>Education</td>
<td>District education officer</td>
<td>06-420-344</td>
</tr>
<tr>
<td>Mrs. Dokie</td>
<td>City Corporation</td>
<td>City mayorress</td>
<td></td>
</tr>
<tr>
<td>Hon. Spencer G. Meah</td>
<td>Judiciary</td>
<td>Magistrate</td>
<td>06-649-259</td>
</tr>
<tr>
<td>D. Henry Bartuah</td>
<td>Judiciary</td>
<td>Associate magistrate</td>
<td>06-954-049</td>
</tr>
<tr>
<td>LTC. Daras N. Bonah</td>
<td>Immigration</td>
<td>Commander</td>
<td>06-928-389</td>
</tr>
</tbody>
</table>

### Attendance table 5: Consultative meeting with gold and diamond miners and Workers Union of Liberia – Capitol Bye-Pass, Monrovia, Liberia

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Number of years as miner</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helena Thomas</td>
<td>President of GODIMWUL</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>David N. Doe</td>
<td>Director for organising miners</td>
<td>10</td>
<td>Former president</td>
</tr>
<tr>
<td>Momo A. Balinda</td>
<td>General coordinator of GODIMWUL</td>
<td>-</td>
<td>Assisted in PAC research</td>
</tr>
<tr>
<td>Abass B. M. Kamara</td>
<td>Member</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Attendance table 6: Consultative meeting with gold and diamond miners and Workers Union of Liberia – Capitol Bye-Pass, Monrovia, Liberia

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Number of years as miner</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helena Thomas</td>
<td>President of GODIMWUL</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>David N. Doe</td>
<td>Director for organising miners</td>
<td>10</td>
<td>Former president</td>
</tr>
<tr>
<td>Momo A. Balinda</td>
<td>General coordinator of GODIMWUL</td>
<td>-</td>
<td>Assisted in PAC research</td>
</tr>
<tr>
<td>Abass B. M. Kamara</td>
<td>Member</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
## ANNEX 2

Sample action plan: D4D Programme Components

### D4D organising

<table>
<thead>
<tr>
<th>Component/Activity</th>
<th>Objectives</th>
<th>Methodology</th>
<th>Outputs</th>
<th>Responsible unit</th>
<th>Cost</th>
<th>Time frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Set up D4D secretariat</td>
<td>Establish core staff of secretariat, operating framework, programme and base of operations</td>
<td>Selection of key personnel - UNDP and MLME</td>
<td>Core staff selected for community organising and development, linking and resource generation, technology, improvement and environmental management, training</td>
<td>UNDP, MLME International Alert, D4D initiative</td>
<td>Staff salary</td>
<td>Q2 2008</td>
</tr>
<tr>
<td>2. Sectoral action planning workshop with donor agencies, DDI, etc.</td>
<td>Collaborative action plan on artisanal mining reform</td>
<td>Meeting within UNMIL and UNDP programmes, Meeting with DDI, and donor agencies, NGOs, etc.</td>
<td>Objectives levelled off; available programmes and resources known Action plan prepared for specific components and strategies adopted, e.g. development of secondary</td>
<td>UNDP Liberia, MLME, D4D</td>
<td>Cost of meetings</td>
<td>Q2 2008</td>
</tr>
<tr>
<td></td>
<td>Sectoral targets and action plans are prepared</td>
<td>-</td>
<td>Industry using by-products, community organising, etc.</td>
<td>UNDP, MLME D4D</td>
<td>Support package from existing programmes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Common action plan is prepared and validated by members</td>
<td>-</td>
<td>Task force established, as needed Network resources and areas of complementation established</td>
<td>UNDP, MLME, D4D</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Action plan monitoring</td>
<td>Effects monitored, constraints in target implementation identified, plans adjusted</td>
<td>Indicators/monitoring format set</td>
<td>Indicators, database updated</td>
<td>Component implementers Secretariat</td>
<td>Ongoing</td>
<td></td>
</tr>
</tbody>
</table>

### KPCS and mineral policy reform

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Methodology</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Procedures to address KPCS problems</td>
<td>Proposal’s reviewed and adopted</td>
<td>Action plan prepared</td>
</tr>
<tr>
<td>2. Review of Mining Code</td>
<td>Workshop and consultations with key stakeholders</td>
<td>Creation of task force to draft reforms</td>
</tr>
<tr>
<td>3. Preparation of implementing regulations (RRs) on sustainable artisanal diamond mining</td>
<td>Implementing guidelines drafted for adopted procedures</td>
<td>Drafting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component</th>
<th>Time frame</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>MLME/D4D Working group</td>
<td>Q1 – Q3 2008</td>
<td>MLME with task force, technical assistance</td>
</tr>
<tr>
<td>GOD/MWUL, local government, police, courts, immigration authorities</td>
<td>Q2 – Q3 2008</td>
<td>MLME with task force, technical assistance, as needed</td>
</tr>
</tbody>
</table>

**Component**
- **1. Procedures to address KPCS problems**
  - Prepare guidelines
- **2. Review of Mining Code**
  - Update Mining Code to address reform agenda
- **3. Preparation of implementing regulations (RRs) on sustainable artisanal diamond mining**
  - Approved implementing guidelines
## Support to KPCS Improvement

<table>
<thead>
<tr>
<th>Component</th>
<th>Objectives</th>
<th>Methodology</th>
<th>Outputs</th>
<th>Responsible unit</th>
<th>Cost</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Improve productivity through washing plants</td>
<td>Access loan funds for portable washing plants to cooperatives</td>
<td>Link up cooperatives to funding sources</td>
<td>100 cooperatives organised/assisted – prioritised according to reform criteria</td>
<td>MLME/D4D network</td>
<td>US$1,000/ washing plant per Cooperative x 100 cooperatives = US$100,000</td>
<td>Q3 2008</td>
</tr>
<tr>
<td>4. Harmonisation on fiscal regime in the MRU</td>
<td>Establish common favourable regime for poverty reduction</td>
<td>Review Liberia recommendations and prepare new positions</td>
<td>Agreement on more favourable revenue rates within the MRU Procedures, mechanisms established on data sharing, enforcement of KPCS</td>
<td>MLME D4D working group</td>
<td>-</td>
<td>Q2 2008</td>
</tr>
<tr>
<td>5. Advocacy on land reform</td>
<td>Establish position on land reform within MLME</td>
<td>Drafting of position paper</td>
<td>Proposed procedures to recognise tribal lands/surface rights in Mining Code and in IRR</td>
<td>MLME task force</td>
<td>2008– onwards</td>
<td></td>
</tr>
</tbody>
</table>

### 1. Improve productivity through washing plants
- **Objectives:**
  - Access loan funds for portable washing plants to cooperatives
- **Methodology:**
  - Link up cooperatives to funding sources
  - Option – D4D sets aside loan fund which may be short term
- **Outputs:**
  - 100 cooperatives organised/assisted – prioritised according to reform criteria
  - Lending procedures and mechanisms firmed up
- **Responsible unit:** MLME/D4D
- **Cost:** US$1,000/ washing plant per Cooperative x 100 cooperatives = US$100,000
- **Timeframe:** Q3 2008

### 4. Harmonisation on fiscal regime in the MRU
- **Objectives:**
  - Establish common favourable regime for poverty reduction
  - Address common issues such as smuggling and illicit mining by aliens
- **Methodology:**
  - Review Liberia recommendations and prepare new positions
  - Conference
  - Lessons from other diamond-producing areas
- **Outputs:**
  - Agreement on more favourable revenue rates within the MRU
  - Procedures, mechanisms established on data sharing, enforcement of KPCS
- **Responsible unit:** MLME D4D working group
- **Cost:** -
- **Timeframe:** Q2 2008

### 5. Advocacy on land reform
- **Objectives:**
  - Establish position on land reform within MLME
  - Develop procedures consistent with sustainable mining
  - Support land reform process
- **Methodology:**
  - Drafting of position paper
  - Drafting of proposed changes to Mining Code
  - Drafting of provisions for IRR
- **Outputs:**
  - Proposed procedures to recognise tribal lands/surface rights in Mining Code and in IRR
- **Responsible unit:** MLME task force
- **Cost:** -
- **Timeframe:** 2008– onwards
<table>
<thead>
<tr>
<th>2. Establish support mechanisms for reform</th>
<th>Tap private sector role to provide access to affordable capital</th>
<th>Advocacy (groundwork and planning sessions) for improved benefit sharing with existing financiers, brokers, dealers, foreigners</th>
<th>Diamond buying stations and/or banking system or equivalent in place in key locations</th>
<th>MLME Banks, brokers and dealers, private investors</th>
<th>MLME Banks, brokers and dealers, private investors</th>
<th>Q2–Q4 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Establish diamond marketing board</td>
<td>Networking with potential partners; establish mechanism to access nontraditional investors, e.g., Liberians abroad</td>
<td>Private investors Diamond marketing board set up Consensus on sharing arrangement reforms</td>
<td>MLME Ministers of Trade and Finance</td>
<td>MLME Ministers of Trade and Finance</td>
<td>MLME Ministers of Trade and Finance</td>
</tr>
<tr>
<td></td>
<td>Establish transparency measures</td>
<td>Incentives in place Participation in fair trade diamond network Advocacy for transparency at all levels, i.e. diggers vs miners and so on</td>
<td>Operationalise open file policy</td>
<td>MLME</td>
<td>MLME</td>
<td>MLME</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Enforcement of immigration and mining laws</th>
<th>Coordination among mining agencies, local government, police and immigration office Action plan on aliens and mining implemented</th>
<th>Workshop to set up coordination procedures Facilitation of local action planning</th>
<th>Procedures established jointly by agencies Local plans implemented Basic equipment provided for hot spots and border towns</th>
<th>MLMD D4D Concerned ministries</th>
<th>MLMD D4D Concerned ministries</th>
<th>Q2 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Motorcycle and hand-held radio for mining agencies, police and immigration office of border towns Travel expenses to border towns</td>
<td>MLMD</td>
<td>MLMD</td>
<td>MLMD</td>
</tr>
</tbody>
</table>
## Special Concerns

<table>
<thead>
<tr>
<th>Component</th>
<th>Objectives</th>
<th>Methodology</th>
<th>Outputs</th>
<th>Responsible Unit</th>
<th>Cost</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sapo diamond rush</td>
<td>Sustainable plan to address mining in national forests; Raise incentive packages for miners and communities</td>
<td>Coordinate with Sapo national working group; Organise plan component for miners, etc. and tie to relocation and mining reform; Support law enforcement; Planning by local communities</td>
<td>Incentives raised for miners to relocate and establish mining or livelihood options outside of critical locations</td>
<td>MLME Sapo national working group D4D</td>
<td>Washing plants – US$1,000 x 10 = US$10,000 for 7 mine camps; Employment options from UNDP youth and employment programmes, etc.</td>
<td>Q2–Q4 2008</td>
</tr>
</tbody>
</table>

## Organisational development – MLME

<table>
<thead>
<tr>
<th>Component</th>
<th>Objectives</th>
<th>Methodology</th>
<th>Outputs</th>
<th>Responsible Unit</th>
<th>Cost</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. GDO structure approved</td>
<td>Clarification of position in organisational structure; Budget approved; Field staff roles assessment</td>
<td>Dialogue within MLME; Funding sourced and rationalised; Role clarification vs Mining agency and small-scale mining unit</td>
<td>GDO budget and working structure, functions and responsibilities approved</td>
<td>MLME</td>
<td></td>
<td>Q2 2008</td>
</tr>
<tr>
<td>2. Establishment of small-scale mining unit in MLME</td>
<td>Clarification of roles and responsibilities; Training of field staff on community organising techniques</td>
<td>Functional analysis; Briefing and training on new functions based on strategies adopted (new and/or existing staff)</td>
<td>Structure of unit, duties and responsibilities clarified; Hiring of Community Organiser,</td>
<td>Bureau of Mines GDO Technical Assistance</td>
<td></td>
<td>Q2 2008</td>
</tr>
<tr>
<td>3. Establish responsibility centre for environmental management in small-scale mining unit</td>
<td>Drafting of environmental guidelines; Clarification of responsibility centres/functions and procedures</td>
<td>Coordinate with EPA; Drafting and consultations on strategies formulated</td>
<td>Environmental best practice procedures, regulations and penalties; EIA guidelines and procedures for large scale and small-scale mining; Roles clarified with EPA</td>
<td>MLME, EPA FDA NGO on CO orientation D4D network for technical assistance</td>
<td></td>
<td>2008</td>
</tr>
<tr>
<td>Component</td>
<td>Objectives</td>
<td>Methodology</td>
<td>Outputs</td>
<td>Responsible Unit</td>
<td>Cost</td>
<td>Time frame</td>
</tr>
<tr>
<td>-----------</td>
<td>------------</td>
<td>-------------</td>
<td>---------</td>
<td>------------------</td>
<td>------</td>
<td>------------</td>
</tr>
<tr>
<td>1. Artisanal diamond miners cooperative organising</td>
<td>Miners and diggers organised into cooperatives</td>
<td>Formalisation of cooperatives</td>
<td>Cooperatives organised with bylaws and procedures</td>
<td>MLME</td>
<td>Travel cost of field staff – MLME</td>
<td>2008</td>
</tr>
<tr>
<td></td>
<td>Procedures established to support reform objectives</td>
<td>Workshop to finalise procedures and mechanisms for lending, monitoring, community development fund management, etc.</td>
<td>Partners identified to provide cooperative training</td>
<td></td>
<td>Travel cost of trainers</td>
<td>Ongoing</td>
</tr>
<tr>
<td></td>
<td>Continuing training for cooperatives</td>
<td>Training of cooperatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Component</th>
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<th>Methodology</th>
<th>Outputs</th>
<th>Responsible Unit</th>
<th>Cost</th>
<th>Time frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Resource generation to support mining and community development plans</td>
<td>Channel some resources for youth employment to artisanal mining reform</td>
<td>Coordinate with youth employment and ex-combatant rehabilitation and other programmes for package of assistance in mining communities</td>
<td>Package of assistance established with partners</td>
<td>MLME</td>
<td>Earmark resources for pilot communities</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Use resources as incentive for reform</td>
<td>Capital lent to cooperative used for improving technology, increasing productivity, as incentive for reform of benefit sharing, etc.</td>
<td>UNDP programmes on youth employment, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Planning meetings with potential partners</td>
<td></td>
<td>NGO, cooperatives agency</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component</th>
<th>Objectives</th>
<th>Methodology</th>
<th>Outputs</th>
<th>Responsible Unit</th>
<th>Cost</th>
<th>Time frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Establish integrated community development plan</td>
<td>Establish plan on community organising and development for mining towns</td>
<td>Groundwork partners community organisation, NGOs and other programmes</td>
<td>Community development strategy for mining communities</td>
<td>D4D NGOs and programmes with community development initiatives</td>
<td>UNDP counterpart</td>
<td>Q3 2008</td>
</tr>
<tr>
<td></td>
<td>Training of field staff on strategies and community organising</td>
<td>Establish pilot areas for cooperation by MLMW/ D4D network members in mining communities</td>
<td>Areas for NGO/ MLME complementation identified</td>
<td>Small-scale mining unit – MLME FDA</td>
<td>Existing programmes by other agencies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identify pilot areas for integrated community initiatives</td>
<td></td>
<td></td>
<td>Ministry of Education</td>
<td>Training cost</td>
<td></td>
</tr>
<tr>
<td>4. Community development plan implementation in pilot sites</td>
<td>Learn lessons in the implementation of integrated plan from pilot sites</td>
<td>Incentive package for miners and community</td>
<td>1–2 pilot sites established per mining agency</td>
<td>Mining agencies (D4D partners)</td>
<td>Q4 2008</td>
<td></td>
</tr>
<tr>
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<tr>
<td>5. Establishment of CDF and/or revolving fund for capital lending</td>
<td>Access to capital as incentive to improve benefit sharing and operating practices</td>
<td>Tie lending to cooperative formation, good practice, reformed benefit-sharing arrangements</td>
<td>More equitable sharing, improved revenue, improved monitoring and collections through cooperative criteria for selection</td>
<td>MLME Gold and Diamond Miners and Workers Union</td>
<td>Allocation per mining zone</td>
<td>Q2 2008</td>
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<tr>
<td>6. Pilot local government role in land management and sustainable mining</td>
<td>Put in place procedures for coordination</td>
<td>Consultation on procedures to address mining issues in towns</td>
<td>Procedures in place</td>
<td>FDA Technical assistance team</td>
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<td></td>
<td>Pilot local government initiative in land-use planning and implementation</td>
<td>Establish role of tribal structures in mining</td>
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<td>Natural resource management and land-use planning and zoning</td>
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7. Activation of coordination on law enforcement on mining concerns

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<thead>
<tr>
<th></th>
<th>Consultation to set up procedures to address law enforcement issues in mining</th>
<th>Procedure for coordination in place</th>
<th>MLME Immigration authorities</th>
<th>Radio handsets for police, immigration and mining agents especially near border towns and hot spots</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Support basic equipment needs, e.g. radio, etc.</td>
<td>Basic equipment and supplies for law enforcement available</td>
<td>Police Local courts</td>
<td>One motorbike for immigration office near border town (D4D) At least one motorbike per mining agency (D4D)</td>
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<td>Fuel – MLME</td>
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<tr>
<th>8. Community education</th>
<th>Pooling of resources on existing information and education materials</th>
<th>Identification of existing resources from partners</th>
<th>Communications plan</th>
<th>Secretariat and working group</th>
<th>Cost of workshop – coordination</th>
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<tbody>
<tr>
<td></td>
<td>Prepare communications</td>
<td>Planning appropriate communications plan regarding mining concerns and cooperatives development</td>
<td>Available resources shared, reproduced and disseminated</td>
<td>New education materials prioritised</td>
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<td>Q2 – Q3</td>
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<td><strong>9. Communication and awareness raising</strong></td>
<td>Prepare communications plan</td>
<td>Identify existing training and education materials, identify gaps, prepare action plan</td>
<td>Local training and awareness campaign prepared</td>
<td>D4D – e.g. Green Advocates MLME</td>
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<td></td>
<td>Replicate best practice procedures for environmentally sound mining practices by Green Advocates</td>
<td>Disseminate information and technologies</td>
<td>Training modules prepared/updated</td>
<td>D4D</td>
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<td></td>
<td>Train field staff, local government representative for widespread dissemination of systems</td>
<td>Information and education materials prepared</td>
<td>Information and education materials prepared</td>
<td>Q2</td>
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<td></td>
<td>Training of trainers conducted</td>
<td>Training of trainers conducted</td>
<td>Training of trainers conducted</td>
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