

**Security Council**

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**Letter dated 7 December 2005 from the Chairman of the
Security Council Committee established pursuant to
resolution 1521 (2003) concerning Liberia addressed to
the President of the Security Council**

On behalf of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia and in accordance with paragraph 14 (e) of 1607 (2005), I have the honour to submit herewith the report of the Panel of Experts on Liberia.

I would appreciate it if the present letter, together with its annex, were brought to the attention of the members of the Security Council and issued as a document of the Council.

(Signed) Ellen Margrethe Løj
Chairman

Security Council Committee established pursuant
to resolution 1521 (2003) concerning Liberia

Annex

Letter dated 25 November 2005 from the Panel of Experts on Liberia addressed to the Chairman of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia

We have the honour to enclose herewith the report of the Panel of Experts, submitted in accordance with paragraph 14 (e) of Security Council resolution 1607 (2005).

Panel of Experts on Liberia

(Signed) Arthur **Blundell**

(Signed) Damien **Callamand**

(Signed) Caspar **Fithen**

(Signed) Tommy **Garnett**

(Signed) Rajiva Bhusan **Sinha**

Report of the Panel of Experts, submitted pursuant to paragraph 14 (e) of Security Council resolution 1607 (2005) concerning Liberia

Summary

Diamonds

The structural reforms necessary to meet the requirements for lifting the embargo on Liberian rough diamonds have not been met. Nevertheless, the Ministry of Lands, Mines and Energy has completed training and deployment of outstation personnel, opened an impressive geological and mapping laboratory and issued invitations to international companies to bid for work necessary for achieving compliance with the Kimberley Process. Levels of mining remain broadly in line with expectations. The National Transitional Government of Liberia lacks the institutional capacity to deal with illegal mining in remote mining areas. Nonetheless, while class C and B mining activity continues to increase, larger internationally funded, class A mining has declined, with one notable exception. An artisanal diamond rush in Sinoe County has largely petered out. Diamondiferous gravel produced by an international company engaged in bulk sampling exploration is to be washed under the supervision of the Ministry of Lands, Mines and Energy and the United Nations. Any diamond production will be stored in safety deposit facilities at the Central Bank of Liberia. The West Africa Mining Corporation episode earlier this year has stalled funding from the international community.

Timber

Sanctions are generally effective and there are no reports of major exports. The Forestry Development Authority (FDA) does not have the ability to manage the forests, nor does it have the ability to account for all revenue and expenditures. The Forest Concession Review Committee concluded that there had been widespread non-compliance with the rule of law, indicating a conspiracy between Government and industry over the past 25 years; the Committee's unanimous recommendation was to cancel each concession and embark on a complete reform of the sector. The new administration is urged to complete the reform process initiated by FDA.

Financial

The financial administration of the National Transitional Government of Liberia continues to be weak with an archaic internal control system and a virtually non-existent external oversight system. No effort has been made to prepare or audit the accounts of the Republic of Liberia. During 2004/05, large amounts of funds were transferred from such Ministries as Health, Education and Public Works to the Ministry of State for Presidential Affairs, the Ministry of Finance, the Budget Bureau, the General Service Agency and others. The budget for 2005/06, which has not yet been published, reduces significantly allocations to important social sectors such as health, education, public works, rural development and agriculture. Rice importers are \$6 million in arrears for the period from January to September 2005. Furthermore, large amounts of petroleum and rice imports and rubber, iron ore and scrap metal exports are not subject to inspection for verification of the quality,

quantity and price of the goods. Income from the Liberian International Ship and Corporate Registry, LLC, dropped to \$10 million in 2004/05, which is the lowest point in recent times, but no attempt has been made to reconcile the discrepancies among the National Transitional Government of Liberia ministries in reported payments. The proceeds from the sale of iron ore have not been accounted for in Government accounts, and scrap metal is being sold at a fraction of its international value without any transparent procedure being followed. The International Contact Group on Liberia reports that the functioning of the Transitional Government's Cash Management Committee is inadequate and that it had accumulated unpaid liabilities of \$10 million by the end of October 2005. Given the Transitional Government's lack of financial control, if sanctions are lifted on diamonds and timber it is likely that most Government revenues would fail to enter the budget process for the benefit of the people of Liberia.

Assets freeze

No assets have been frozen in Liberia as yet. Other countries have, however, frozen the assets of several designated persons.

Arms

There are continuing reports of organized recruitment of ex-combatants in Liberia to fight in Côte d'Ivoire. The long (716-km) border renders monitoring difficult. Fortunately there are only three points where vehicular traffic is possible. Although the disarmament and demobilization phase of the disarmament, demobilization, rehabilitation and reintegration process has been completed, there is a small but regular flow of weapons discovered by or turned in to the United Nations Mission in Liberia. The sanctions committee has granted a waiver to allow the import of weapons for the New Armed Forces of Liberia.

Travel ban

The Panel has documented a number of violations of the travel ban as well as the use of fraudulent Liberian passports by stateless Palestinians in Kuwait. The Panel recommends a review of the Liberian passport system.

Socio-economic and humanitarian status

Humanitarian actors in Liberia are faced with the challenge of responding to the rapidly evolving needs associated with the return and resettlement of hundreds of thousands of internally displaced persons, ex-combatants and refugees. Although the increased pace of return of these vulnerable groups has been heavily influenced by the election process and bolstered by improved security up-country, the real success of reintegration and recovery of both the returning and host populations will be determined by how well the newly elected Government and its humanitarian and development partners are able to support immediately the rehabilitation of social services and the creation of income-generating activities. A large proportion of public infrastructure in the country remains in disrepair or is barely functioning. In particular, the condition of most rural road networks continues to be a major impediment to humanitarian efforts and commercial activity. The Panel recommends that Liberia's donors, taking note of the desperate state of the country's economy, urgently prioritize the allocation of adequate resources to speed up infrastructural

rehabilitation and implementation of the reintegration and resettlement programmes as critical aspects of the peace process. Priority must be given to the creation of conditions in the rural areas enabling investment for employment creation, and thus the speedy return of social and economic livelihoods. Of particular urgency in this regard is the rehabilitation of roads and bridges.

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Abbreviations

BOPC	Butaw Oil Palm Corporation
ECOWAS	Economic Community of West African States
FDA	Forestry Development Authority
GEMAP	Governance and Economic Management Assistance Programme
GIHCL	Global Infrastructure Holding Company Limited
GIS	Geographic Information System
LIMINCO	Liberia Mining Corporation
LISCR	Liberian International Ship and Corporate Registry, LLC
LPRC	Liberia Petroleum Refining Company
LURD	Liberians United for Reconciliation and Democracy
MODEL	Movement for Democracy in Liberia
NAFL	New Armed Forces of Liberia
NGO	Non-governmental organization
NPFL	National Patriotic Forces of Liberia
UNMIL	United Nations Mission in Liberia
WAMCO	West Africa Mining Corporation Limited

I. Introduction

1. Pursuant to Security Council resolution 1607 (2005), the Secretary-General re-established a Panel of Experts to investigate and report on the impact and effectiveness of the sanctions imposed on Liberia; to assess progress towards meeting the conditions for lifting those sanctions; and to assess the humanitarian and socio-economic impact of those measures. The sanctions on Liberia include arms, diamonds and timber and the travel of those people deemed a threat to peace in the region and the freezing of their assets.

2. Pursuant to paragraph 1 of the resolution, unless the Security Council decides otherwise, the sanctions on arms, travel, timber and diamonds will expire on 21 December 2005. The assets freeze is ongoing, reviewed regularly by the Security Council.

3. Between August and November, the Panel conducted assessments in Guinea, Lebanon, Liberia, Mali, the Russian Federation, Sierra Leone, United States of America and the European Union. The Panel collaborated with the Panel of Experts on Côte d'Ivoire. Pursuant to paragraph 14 of resolution 1607 (2005), the present report contains an assessment of all sanctions.

Basis of the sanctions regime

4. It is hoped that the peaceful elections of October/November 2005 will mark the end of almost 15 years of war. Unfortunately, the election of Charles Taylor in 1997 did not end conflict in Liberia. Indeed, in 2001, the Security Council imposed new sanctions measures on Liberia for its role in the conflict in neighbouring Sierra Leone (resolution 1343 (2001)), thus restricting trade in arms, diamonds and the travel of key individuals deemed to be undermining regional peace. The Council retained the sanctions in 2002 and extended them to establish audit regimes on timber and the Liberian shipping registry (resolution 1408 (2002)). In July 2003, the Council increased pressure on the Taylor Government by extending the sanctions to the timber industry (resolution 1478 (2003)). At the same time, rebel groups dramatically increased pressure on the Taylor regime: Liberians United for Reconciliation and Democracy (LURD) attacked Liberia from the north and the Movement for Democracy in Liberia (MODEL) attacked from the east. Furthermore, in 2003 the Special Court in Sierra Leone indicted Taylor for crimes against humanity.

5. Shortly thereafter, the terms for peace, the Comprehensive Peace Agreement, were drafted; Taylor's Government was replaced by the National Transitional Government of Liberia, composed of the three warring factions (LURD, MODEL and Taylor's former Government of Liberia), and Taylor went into exile in Nigeria, thus avoiding the Special Court for the time being.

6. Despite Taylor's departure, the Security Council remained concerned that the Comprehensive Peace Agreement was not being implemented universally and that the linkage between natural resources and the proliferation of arms continued to exacerbate conflict in West Africa. Thus, in December 2004 the sanctions were renewed until the link was broken and the Comprehensive Peace Agreement was implemented (resolution 1579 (2004)).

7. In June 2005, corrupt officials of the National Transitional Government of Liberia continued to misappropriate much of the State's revenue, the Minister of Justice failed to freeze the assets of anyone on the United Nations assets freeze list and the Transitional Government could not meet the criteria for demonstrating that exploitation of timber and diamonds would not further conflict. Thus, the sanctions were renewed for a further six months (resolution 1607 (2005)).

Situation in Liberia

8. In October 2003, the United Nations Mission in Liberia (UNMIL) helped bring peace and two years later ensured a free and fair democratic election. The Liberian people also deserve a great deal of credit for their role in the peaceful election.

9. President-elect Ellen Johnson-Sirleaf, who won with 59.6 per cent of the vote (with 61 per cent turnout) will have an enormous task, the foremost being addressing the high, sometimes unrealistic, expectations of the Liberian people. After years of war, Liberians long for a vastly improved quality of life. Despite two years of United Nations-brokered peace, the National Transitional Government of Liberia, under chronic corruption and incompetence, failed to deliver any services: there are still no electricity, water or sanitation services, even in the capital, Monrovia. Health care and education are extremely limited. In a country where many survive on an income of less than \$1 per day, Liberians face high prices for basic commodities: the official price for rice is \$22 per 50 kilograms and gasoline \$3 per gallon.

10. Thus, the legacy of the National Transitional Government of Liberia and the National Transitional Legislative Assembly will be the extraordinary corruption that resulted in the continued suffering of the Liberian people (see previous reports of the Panel and the management audits commissioned by the European Commission.¹ The Economic Community of West African States (ECOWAS) also conducted an investigation into the financial affairs of the Transitional Government, but the report has not yet been made public.

Governance and Economic Management Assistance Programme

11. Following reports of rampant corruption, especially from the EC-financed system and financial audits of the Central Bank of Liberia and five State-owned enterprises (the Bureau of Maritime Affairs, the National Port Authority, Roberts International Airport, Liberia Petroleum Refining Company (LPRC) and the Forestry Development Authority (FDA)), the National Transitional Government of Liberia and its partners concluded that there should be a more robust approach to economic governance in Liberia. Hence the Governance and Economic Management Assistance Programme (GEMAP) was established to improve fiscal administration and transparency through: (a) financial management and accountability (controllers with co-signing authority, management contracts and escrow accounts at the Central Bank of Liberia); (b) improved budgeting and expenditure management; (c) improved procurement practices and granting of concessions; (d) effective processes to control corruption (legal experts to advise the Liberian judiciary — note: the use of expatriate judges was dropped from the programme in the drafting process because of a lack of support within the Transitional Government; (e) supporting key institutions (especially the General Auditing Office, the General Service Agency, the Governance Reform Commission, and the Contracts and

Monopolies Commission), in addition to an external audit agent; and (f) capacity-building. Furthermore, the National Transitional Government of Liberia agreed that appropriate legal action would be taken in response to the results of the European Commission-funded audits/reviews and the ECOWAS investigations, as well as any other identified cases of corruption. To that end, the Government will establish an independent anti-corruption commission with full prosecutorial powers.

12. Reversing a culture of corruption will not be easy, especially in an atmosphere of impunity. Known warlords gained seats in the recent elections (see table 1 below). It is unlikely that any of these people will be punished, as a competent independent judicial system is absent, thus undermining Liberia's ability to enforce the rule of law and punish those responsible for 15 years of war and the theft of millions of dollars from the people of Liberia. For example, recently J. D. Slanger, a senior member of MODEL and Commissioner of the Bureau of Maritime Affairs, was charged with economic sabotage. He was released on bond and has since fled the country.

Candidacy and accountability

13. Although the European Commission had wanted to exclude "warlords", or at least those subject to the United Nations assets freeze and travel ban, from running in the October election, UNMIL and the National Elections Commission disagreed. They argued that: (a) the Comprehensive Peace Agreement did not restrict people on the United Nations lists from running (this criterion was originally in the Agreement, but the warring factions removed it before signing); (b) the Commission did not have the authority to add criteria; (c) article 25 of the International Covenant on Civil and Political Rights protects the right to run for office as a basic human right, and thus it should not be "lightly curbed"; (d) without functioning courts in Liberia, accused people could not be prosecuted and convicted, and thus the terms "warlord" was difficult to define; and (e) there was a risk that preventing accused warlords from running could be perceived by faction leaders as an effort to undermine their role in implementing their own peace agreement.

14. As a consequence, five people on the United Nations travel ban/assets freeze list were candidates, as were at least three others with responsibility for the past 15 years of war. In the October election, four of those candidates won (see table 1).

Table 1

Names and identities of candidates with factional ties (names of winners are in bold print)

<i>Name</i>	<i>Percentage of vote</i>	<i>Legislative seat</i>	<i>Background</i>
<i>Travel ban/assets freeze</i>			
Jewel Howard-Taylor	28	Senator from Bong County	Wife of Charles Taylor
Edwin Snowe, Jr.	59	Representative from Montserrado County	Ex-son-in-law of Taylor; Managing Director of LPRC
Myrtle Gibson	1.5	Placed last for Senate from Sinoe County	Associate of Taylor with ongoing ties

<i>Name</i>	<i>Percentage of vote</i>	<i>Legislative seat</i>	<i>Background</i>
<i>Travel ban</i>			
Adolphus Dolo	17	Senator from Nimba County	“General Peanut Butter” in Taylor’s NPFL rebel group; falsely accused UNMIL of provocation
Kai Farley	36	Representative from Grand Gedeh County	MODEL general; when Speaker Dweh was impeached in 2004, Farley threatened to derail the peace process and unravel the Comprehensive Peace Agreement
<i>Factional ties</i>			
Prince Yormie Johnson	34	Senator from Nimba County	Former leader of Johnson faction of ULIMO; directed torture, which led to the death of ex-president S. Doe
Edward Slinger	3.9	Failed to win Senate seat in Grand Gedeh County	Officer with the Armed Forces of Liberia under Doe; claimed responsibility for killing of coup leader T. Quiwonkpa in 1985
Saah Richard Gbollie	28	Representative from Margibi County	Former commander in Taylor’s NPFL

15. The election of these individuals, some of whom are known to have participated in human rights violations, complicates the effort to achieve accountability in Liberia. The newly created Truth and Reconciliation Commission will undoubtedly find its work difficult given that at least four people whom it is likely to investigate are now in Government.

16. However, accountability is critical in reversing “business as usual” in Liberia. Certainly, the general amnesty granted in the 1996 peace accord for abuses committed “in the course of actual military engagements” did not prevent a resumption of violence.

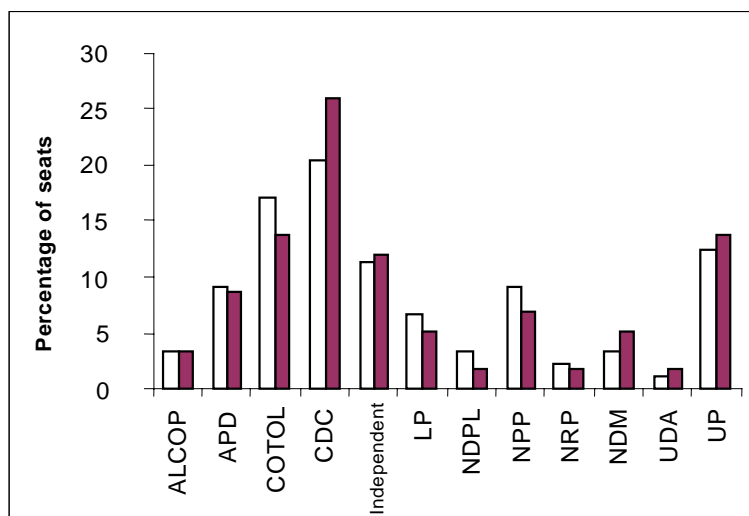
17. Accountability will be further challenged by the makeup of the newly elected Legislative Assembly, where no single party has a majority in either chamber (see Figure 1). This fractionalization provides an opportunity for small groups to hijack the legislative agenda in a way that a majority Government might have been able to avoid.

18. Despite these challenges, it is worth re-emphasizing that the October/November elections, which resulted in a strong mandate for President-elect Johnson-Sirleaf, were fair and peaceful. This provides a ray of optimism as her

administration and the newly elected legislature begin to tackle the many challenges.

Figure 1

Composition of the political parties in the newly elected House of Representatives (white bars) and Senate (black bars)



Abbreviations: ALCOP, All Liberian Coalition Party; APD, Alliance for Peace and Democracy; COTOL, Coalition for Transformation of Liberia; CDC, Congress for Democratic Change; LP, Liberty party; NDPL, National Democratic Party of Liberia; NPP, National Patriotic Party; NRP, National Reformation Party; NDM, New Deal Movement; UDA, United Democratic Alliance; UP, Unity Party.

Acknowledgements

Assistance within Liberia

19. The Panel is grateful for the assistance provided by the various ministries and agencies of the National Transitional Government of Liberia, from President-elect Johnson-Sirleaf and many other candidates and by the Liberia Forest Initiative especially Robert Simpson. The Panel is also most grateful to UNMIL for its invaluable support, especially in the areas of security, administrative and logistical support and transportation, including aircraft.

Assistance from international and regional organizations and commercial enterprises

20. The Panel received useful cooperation and assistance from several international organizations, including the United Nations Mission in Sierra Leone, the Government of the United States of America, the European Commission, ECOWAS, the International Rescue Committee, Médecins sans frontières (France and Belgium), United Nations Development Programme-Liberia, the Office for the Coordination of Humanitarian Affairs of the Secretariat, the Humanitarian Information Centre, Monrovia, the United Nations High Commissioner for Refugees, Talking Drum Studios, the World Food Programme, the International

Committee of the Red Cross, the Department for International Development of the United Kingdom of Great Britain and Northern Ireland, the Ministry of Foreign Affairs of the Netherlands, the Antwerp Diamond High Council, the Kimberley Process, the Netherlands Committee of the World Conservation Union, the United States Agency for International Development, the Forest Service of the United States Department of Agriculture, the Department of Foreign Affairs of Ireland, the Foreign and Commonwealth Office of the United Kingdom, the Environmental Foundation for Africa, Amnesty International, Green Advocates, the Sustainable Development Institute, Global Witness, the Save My Future Foundation, Save the Children Fund (United Kingdom), the Foundation for International Dignity, Liberia Transitional Initiatives, Development Associates International, Fauna and Flora International, Conservation International, Association technique internationale des bois tropicaux, the Institute for Transitional Justice, Human Rights Watch, the International Crisis Group and the Royal Institute of International Affairs (United Kingdom).

Standards of verification

21. The Panel used the same evidentiary standards in its current investigations as in previous reports. Wherever possible, the Panel relied on fully authenticated documentary evidence. Where that was not possible, the Panel required at least two credible and verifiably independent sources of information to substantiate a finding. Where appropriate, allegations against States, individuals and enterprises were put to those concerned to allow them the right of reply. In its efforts to present only irrefutable facts, the Panel has omitted all information for which it has not been able to find proper evidence.

Composition of the Panel of Experts

22. The Panel of Experts consisted of a timber expert, Arthur Blundell (Canada); an expert with Interpol investigative and arms experience, Damien Callamand (France); a diamond expert, Caspar Fithen (United Kingdom); an expert on humanitarian and socio-economic aspects, Tommy Garnett (Sierra Leone); and an expert on financial matters, Rajiva Sinha (India). The Panel was assisted by a consultant with expertise in finance and money-laundering, Tom Brown (United States). Arthur Blundell was designated as the Chairman of the Panel.

II. Diamonds

23. The Panel continues to enjoy a positive relationship with technicians at the Ministry of Lands, Mines and Energy, which, in the wake of the West Africa Mining Corporation (WAMCO) episode, has made a new commitment to cooperation and assistance. However, the Ministry has not devoted sufficient funding, which continues to hamper efforts to satisfy the requirements for lifting the embargo on the export of rough diamonds. Most importantly, Liberia still has some way to go before it is in a position to make a successful application to participate in the Kimberley Process. Nevertheless, the Panel commends the Ministry's technicians for recent achievements and initiatives that have been accomplished under difficult circumstances.

Current situation

Training

24. The Ministry of Lands, Mines and Energy has completed its training of outstation personnel for the Bureau of Mines. This process was undertaken in compliance with the requirements of the September 2004 act amending the minerals and mining law, part 1, title 23, by adding thereto a new chapter 40 providing for controls on the export, import and transit of rough diamonds. The amendment is central to Liberia's objective of participating in the internationally accredited Kimberley Process certification scheme. To date, 67 inspectors and 38 agents have been deployed to the field. However, while they receive Government salaries of \$20 a month, the Panel fears that this amount poorly reflects the importance of the work of these civil servants and may have negative implications for the overall probity of this aspect of the monitoring process in the longer term.

West Africa Mining Corporation

25. Pursuant to section 24.1, "Termination", of the agreement entered into by the National Transitional Government of Liberia and WAMCO on 17 January 2005 and notarized on 19 January (see S/2005/360, para. 100), WAMCO officially informed the Ministry of Lands, Mines and Energy that it was exercising its legal right to terminate the contract on 22 June 2005.

26. The termination followed a directive issued on 16 June 2005 by London International Bank Limited, a 90 per cent shareholder in WAMCO, instructing Michael Saint Yrian, General Manager of WAMCO, to terminate the agreement immediately and to dissolve WAMCO in the light of concerns regarding the award of the contract and a number of its provisions.

27. The Panel welcomes this development. It has subsequently come to the Panel's attention that some alluvial diggers operating in Lofa and Gbarpolu Counties, in particular, were so incensed by news of the signing of the WAMCO agreement that they were prepared to use force if necessary to resist the implementation of provisions of the contract in mining areas. The Panel firmly believes that the WAMCO contract represented a real threat to stability in mining areas.

Geographic Information System

28. With the assistance of Mano River Resources, an international mineral exploration company currently operating in Liberia and elsewhere, the Ministry of Lands, Mines and Energy has established an impressive Geographic Information System (GIS) laboratory located at Old Road, Monrovia, as well as a sophisticated mineral testing laboratory for making geological assessments. Moreover, the GIS facilities are made available to United Nations agencies, most notably the Humanitarian Information Centre for Liberia, while the mineral testing laboratory offers first-class appraisal facilities to licensed international and national exploration companies operating in country. These facilities were set up at a cost of over \$200,000. The Panel commends both the Ministry and Mano River Resources for this valuable joint initiative, which is likely to have positive long-term implications for the Liberian mining sector.

Tenders

29. Since the commencement of the Panel's mandate in July 2005, the Ministry has invited bids from international companies to undertake the following activities, which are crucial to Liberia's ambition to participate in the Kimberley Process:

(a) Assistance with the organization and establishment of the structures necessary for a credible system of internal control and administration for the diamond sector, as well as a solid process of management for miners, brokers/agents and exporters. This will include the day-to-day management of Ministry field staff and the establishment of a Kimberley Process database office and a diamond assaying laboratory;

(b) The provision of equipment and materiel necessary for the implementation of the above;

(c) Organization of and support for cooperative schemes for artisanal alluvial miners;

(d) The independent valuation of export shipments of rough diamonds for the purpose of fairly and accurately calculating export duty.

30. The Panel is aware of three international companies that have expressed an interest in all or some of these requirements and is presently awaiting news regarding contractual awards.

Certificate acquisition

31. The Ministry of Lands, Mines and Energy is negotiating with the High Diamond Council in Belgium for the acquisition of Kimberley Process-approved certificates. The certificate will have a number of security features to protect against fraud. The Panel commends the Ministry for its judicious decision to deal directly with the High Diamond Council on this matter.

Funding

32. The WAMCO episode earlier this year has had negative implications for the flow of funding from the international community to the National Transitional Government of Liberia. This situation has led to a severe deceleration of progress by Liberia towards meeting the requirements for the lifting of sanctions.

33. The Panel has learned that \$1.4 million that was to have been disbursed by the United States (in fiscal year 2004) for the training of Ministry valuation staff, on-site field monitoring, the acquisition of Kimberley Process-approved certificates and the production of a database will not be disbursed before the new democratically elected Government takes office in January 2006. A second tranche of \$1.7 million (in fiscal year 2005) and a third tranche of \$2.5 million (in fiscal year 2006) are also earmarked for the Liberian mining sector. It is not yet clear when these additional funds will come on-stream. In view of these time frames, there is unlikely to be much in the way of realistic and tangible progress by Liberia towards Kimberley Process compliancy until the second quarter of 2006.

34. Moreover, in the context of these funding constraints, a comprehensive geological survey of the entire country, to be undertaken by the United States

Geological Survey, is not likely to commence until after the rains next year, suggesting a start date of October 2006 at the earliest.

Kimberley Process

35. Unfortunately, the Ministry did not send a delegation to the Kimberley Process plenary meeting held in Moscow from 15 to 17 November 2005. Nevertheless, Liberia and the Ministry were represented at this important annual meeting by Raul Carrera, the UNMIL liaison officer to the Ministry. Mr. Carrera formally presented the report of the Liberian delegation to the meeting. It is hoped that once funding begins to effect sector reforms, the Kimberley Process will undertake, at the invitation of the Liberian Government, an inspection mission with a view to the participation of Liberia.

Mining

36. While the suspension on 14 January 2005 of the issuance of all licences and permits for diamond mining continues (see S/2005/176), mining activity has not been curbed in the interior of the country. While the Panel acknowledges that the demands placed on UNMIL under the Security Council mandate are enormous, the Panel stresses that illegal mining will continue to expand in the interior unless there is a reconsideration of the role of UNMIL in sanctions enforcement.

37. Furthermore, since the Panel's previous report (S/2005/360), a diamond rush in Sinoe County has opened up a new, artisanal mining area that gave rise not only to violations of United Nations sanctions, but also to a major public health crisis, which led to the deaths of a considerable number of miners.

38. Nonetheless, the Panel is pleased to report that of the significant class A mining operations that have raised concerns in the past, the majority are now either completely closed or on hold. However, one major site continues to be worrisome for a number of reasons.

Current patterns of mining activity

39. With the assistance of UNMIL, the Panel was able to conduct extensive aerial surveys of established mining areas in Nimba County and the Upper Lofa River region in September and November 2005. The ineffective application of the current mining moratorium is failing to prevent illegal mining activity, which continues to increase at class C artisanal and class B semi-mechanized levels, although there has been a decrease in the number of class A industrial sites, largely as a result of pressure action taken by the Ministry of Lands, Mines and Energy in the wake of recent Panel reports.

Butaw Oil Palm Corporation

40. While most production is located in Nimba, Lofa and Gbarpolu Counties, early September 2005 saw an artisanal diamond rush in the Butaw Oil Palm Corporation (BOPC) plantation area close to Greenville, Sinoe County. After word spread of initial diamond finds, there was a rapid influx of between 10,000 and 15,000 diggers and their dependants into five bush camps in the area. Aside from the flagrant disregard for the Government diamond-mining embargo, the sudden movement of such a large number of people into an area with no provision for sanitation or clean

water had major public health implications, and within weeks there was a significant cholera outbreak, which claimed the lives of more than 120 people.

41. The ensuing panic surrounding the epidemic then led to a sudden exodus of diggers away from the mines and, after having conducted reconnaissance flights in early November 2005, the Panel is of the opinion that the number of people continuing to dig in the area has fallen dramatically and now remains relatively low and stable. Furthermore, reports suggest that the quality of diamonds that the BOPC class C alluvial “bucket and spade” operations are producing is very poor. The Panel suspects that many of the diggers have simply given up, deciding that the poor diamonds and the squalor of the camps are simply not worth the bother.

Nimba County

42. The Panel has monitored a significant mining site in close proximity to Gbapa, Nimba County, since August 2004 (see S/2004/752). In its previous report (S/2005/360), the Panel expressed concern that the site, which had previously been shut down, had suddenly reopened and expanded dramatically. After acute pressure from the Ministry of Lands, Mines and Energy, the Panel is pleased to report that operations at the site have once again ceased and that the pit has been filled in. The Panel was able to fly over the site in early November 2005 and was unable to find any evidence of mining activity.

Upper Lofa

43. During aerial survey work undertaken in mid-September and early November 2005, the Panel, with the assistance of UNMIL, was able to fly along the entire course of the Lofa River. As a result of the rains from June to early October, levels of mining have remained relatively stable after a steady increase during the previous dry season (see S/2005/360). The Panel expects levels of mining once again to begin increasing with the advance of the dry season.

44. A number of medium-sized class B mining operations were seen along the course of the river, all of which had at some point employed heavy earth-moving equipment. This suggests that the plant is continuing to be moved into the bush, probably from Monrovia, for mining purposes. Furthermore, continued class B mining during the rainy season suggests that mining supporters are investing heavily in the expensive pumping equipment required to dig when the water table is high. Small class C sites remain scattered along the entire course of the river.

45. The solution pump airlift operation that was mentioned in the Panel’s previous report (ibid.) was not operational during the present mandate. The high water levels in the river preclude this kind of operation during the rainy season. Nevertheless, the Panel expects that with the advance of the dry season, similar operations will once again return to the river.

46. The Panel continues to note a general movement of people into mining areas to mine in the coming six months. The Panel reiterates that the Ministry of Lands, Mines and Energy lacks the institutional capacity to control mining activity in remote forest areas.

American Mining Associates

47. The Panel flew over the operational site of American Mining Associates in the Kumbor forest region of Lofa County (latitude 07°38.17' north, longitude 10°34.294' west), close to the Moro River and the border of Liberia with Sierra Leone. The Panel last visited the region in early May 2005. Overflights were conducted in September and November. This extensive operation has been a significant cause for concern since January 2005, and despite instructions from the Ministry of Lands, Mines and Energy to cease mining, operations continued until the onset of the rains. The Panel is pleased to report, however, that work at this site has stopped entirely. In early November the Panel was unable to observe any mining activity whatsoever. Indeed, most of the machinery at the site has been removed, the pits are filled with water and the Panel was informed that company management and expatriate personnel have left the country.

Italgems

48. In its previous report (*ibid.*, para. 110), the Panel noted a complex and expensive operation to dam an entire deposition on a bend of the Lofa River (latitude 06°56.5' north, longitude 10°56.4' west). Between July and September, this site was hugely developed, employing at one point as many as 16 pieces of heavy equipment. The mining site is operated by an Italian-owned company, Italgems, which has been operating under the terms of a legitimate exploration licence. In the course of its recent digging, a large amount of diamondiferous gravel was extracted in preparation for washing.

49. The Panel is concerned that Italgems has exceeded the level of digging associated with bulk sampling of an exploration block. The gravel has presented a considerable problem not only for the company, but also for the Ministry of Lands, Mines and Energy. In the context of the United Nations embargo on the export of Liberian rough diamonds and the Ministry's ongoing moratorium on mining, the ministry and Italgems have come to an agreement whereby the gravel will be washed and any diamond production will be placed in a secure safety deposit facility at the Central Bank of Liberia until such time as sanctions are lifted.

50. The following is the proposed procedure and format for the reporting of all minerals recovered from the processing exercise:

- (a) Minerals recovered during each cycle of processing are fully documented;
- (b) The minerals are weighed, packaged and sealed on site;
- (c) The sealed package will bear the weight of the minerals and the signatures of the two assigned Ministry personnel and the representatives of Italgems;
- (d) The sealed package is escorted by one representative of the Ministry and one representative of Italgems to the Ministry for onward transmittal to the Central Bank of Liberia for safekeeping;
- (e) The minerals received by the Central Bank of Liberia are fully documented;
- (f) The package is received by the Bank and weighed for verification;

(g) The minerals are repackaged and placed in a safe vault;

(h) This process continues until the entire stockpile of gravel is completely processed.

51. Ministry officials, along with the international community committee involved with the implementation of the Kimberley Process certification scheme, will make weekly visits to the gravel site for monitoring and verification purposes.

52. The Panel has learned that this committee will include a member of UNMIL. The Panel is broadly satisfied with this solution to the Italgem gravel stockpile, but advises that another independent observer would add credibility to the process.

Diamond trading

53. Diamond-buying offices in Monrovia continue to buy and export diamonds in violation of the United Nations embargo. While some of the previously licensed dealerships have suspended operations in line with the current legal situation, ad hoc foreign buyers continue to visit the capital in search of goods. Typically, such individuals work from private houses and hotel rooms, making the interdiction of their commercial activities almost impossible.

54. Diamonds continue to be smuggled through neighbouring States, where, in some cases, they are mixed with local production and receive Kimberley Process certificates at the point of export. The Panel recommends that Guinea and Sierra Leone in particular remain vigilant regarding this leakage of Liberian goods, which threatens to undermine the Kimberly Process in the subregion.

55. The Panel visited Mali to investigate reports that Bamako was becoming a trans-shipment point for diamonds of Liberian origin. While the Panel was unable to find any direct evidence, it strongly recommends that Mali be given assistance by the international community to join the Kimberley Process as soon as possible, otherwise it could be at risk of becoming part of a new smuggling route for diamonds of Liberian and Ivorian origin.

56. The Panel estimates current Liberian production to be in the region of about \$1.2 million a month, broadly in line with expectations. Production will increase with the onset of the dry season.

Recommendations

57. Liberia still has some way to go before it is in a position to make a successful application to participate in the Kimberley Process certification scheme. While it remains outside the Kimberley Process, Liberian production threatens the credibility of the certification schemes in neighbouring States. In the wake of the successful democratic elections, donors should disburse funding for the structural reforms necessary for compliance with the Kimberley Process as quickly as possible. The Panel recommends that the international community provide the technical and material assistance necessary for Liberia to satisfy the requirements of the United Nations as quickly as possible.

58. Should the Security Council maintain sanctions for a further six months, the Panel recommends a provision for review at the request of the Government of Liberia once it concludes that the criteria for lifting the sanctions have been met.

59. UNMIL should be given an extended mandate to assist the new Government of Liberia to restore the rule of law in mining areas throughout the country, paving the way for a successful programme of licensing and general sector reform.

60. The Panel recommends that the international community provide the necessary technical and material assistance to non-diamond-producing neighbouring States to enable them to participate in membership of the Kimberley Process. Failure to do so could result in those States increasingly becoming trans-shipment points for illicit diamonds.

III. Timber

Exports

61. The sanctions on timber are generally effective. The only report by UNMIL of exports is a truckload (20 tons) of wood on 27 August 2005 that crossed by cable-ferry from Maryland County into Côte d'Ivoire at Pedebo (see figure 2 under "Arms and travel ban" below). There are reports that traders are shipping sawn wood in containers from the Freeport of Monrovia, but this is unconfirmed. If exports are occurring, it cannot be substantial as no industrial logging was detected during overflights and on-the-ground assessments. After the 2003 conflict, large-scale industrial logging never resumed, apparently because foreign companies were unwilling to invest, given the presence of sanctions.

Domestic production

62. Although industrial logging is moribund, pit-sawing (processing logs using chainsaws) for the domestic market continues to grow. Since 15 September 2000, pit-sawing has been banned under FDA regulation 26. Nonetheless, pit-sawing is widespread and the loggers have FDA permits. The Managing Director of FDA claims that his signature was forged on the permits, but no action has been taken to rescind the permits or prosecute the persons responsible. The Managing Director reiterated the ban effective 1 November 2004, in part because commanders of the warring factions were running the operations. However, widespread pit-sawing is leading to conflict with local people. For example, in River Cess County, frustrated locals in Barkay's Town seized the chainsaws from illegal loggers.

63. Despite the fact that pit-sawing is illegal, FDA reports that, from January to September 2005, approximately \$20,000 in taxes were reported from pit-sawing. With the assistance of the Liberia Forest Initiative (composed of, inter alia, the United States, the World Bank, the European Commission, and non-governmental organizations (NGOs)), a system was developed in early 2005 to manage pit-sawing with independent monitoring, control at UNMIL checkpoints and regular forest patrols. In a letter to UNMIL dated 29 September 2005, the Managing Director announced that FDA had lifted the ban after devising policy instruments for the effective control and monitoring of pit-sawing. Pit-sawyers will be charged a \$200 one-time registration fee and \$0.60 per piece of wood (or approximately \$300 per truckload). Wood is selling for \$3 to \$8 per piece in Monrovia; a truckload is, therefore, worth approximately \$2,500. FDA has not yet demarcated the sites where pit-sawing will be legal. The policy does not involve any forest patrols. Furthermore, none of this can be implemented until the FDA Board of Directors issues a regulation to reverse the ban.

Security

64. UNMIL has stabilized Liberia, but many rural areas remain outside of its control. For example, illegal pit-sawing is widespread and the Guthrie rubber plantation remains occupied by ex-combatants of Liberians United for Reconciliation and Democracy (LURD) (see *ibid.*, para. 130).

65. However, when the political will exists, the National Transitional Government of Liberia has been able to implement the rule of law. In mid-2005, FDA, UNMIL and civil society (in particular, the Sustainable Development Institute, Conservation International and Fauna and Flora International) persuaded about 5,000 illegal squatters to vacate Sapo National Park (*ibid.*). A thorough awareness-raising campaign informed the miners and hunters — many of whom were ex-combatants — that they had to leave. This message was backed up by the authority of the FDA officers, including a site visit by the Managing Director himself, and by UNMIL peacekeepers. Wanting to avoid conflict, the squatters left peacefully. UNMIL helped in returning the last 195 evacuees to their villages. In November, UNMIL followed up with helicopter overflights and an on-the-ground assessments, and the park remains empty of miners. An important aspect of the success was the participation of the communities that surround the park and their commitment to peace. A combination of awareness-raising and development assistance convinced locals that it was in their interest to abandon their support of the illegal activities in the park.

Financial reporting

66. The Panel has received no audited financial statements from FDA. The most recent unaudited financial information covers up to September 2005 (see table 2). Based on partial information provided by FDA, total income for the two years was more than \$1.5 million. In 2005, the ANA Wood and Chabural Enterprises sawmills paid \$5,000 and \$19,500 respectively for abandoned logs. LLWPC sawmill paid a \$2,500 registration fee for a sawmill in Maryland County. Although two additional sawmills were registered and had access to forests for harvest (see *ibid.*, table 4), no other large payments are reported by FDA for 2005.

67. Prior to July 2004, the National Transitional Government of Liberia did not operate on a regular budget. Rather, the Executive Mansion would issue stipends to cover operating expenses. During the eight-month period from November 2003 to June 2004, FDA reports receiving only six stipends. The Comptroller explained that the deficit arose because FDA forgot to make the requests for those two months, and therefore staff salaries went unpaid.

Table 2
Partial summary of National Transitional Government of Liberia subsidies,
revenue and salary payments for FDA from October 2003 to September 2005

(United States dollars)

	<i>Received from Executive Mansion/Ministry of Finance</i>		<i>Revenue</i>	<i>FDA salaries paid</i>
	<i>Salary</i>	<i>Other</i>		
2003				
October	—	—	—	38 567
November	46 500	3 500	—	38 567
December	46 500	3 500	—	38 567
2004				
January	46 500	3 500	513	38 567
February	—	—	5 811	38 567
March	46 500	33 500	3 701	38 567
April	46 500	3 500	4 271	38 567
May	—	350 000	1 208	38 567
June	46 500	3 500	1 649	38 567
July	46 500	3 500	3 569	38 567
August	46 500	3 500	2 021	38 567
September	50 000	—	3 523	38 567
October	25 000	46 128	...	38 567
November	25 000	25 000	...	38 567
December	50 000	—	...	38 567
2005				
January	83 334	—	2 508	38 567
February	—	131 000	2 992	38 567
March	—	—	20 216	38 567
April	83 334	10 000	2 603	38 567
May	83 332	10 833	382	—
June	—	—	5 481	—
July	50 000	—	5 647	—
August	42 500	1 917	14 902	—
September	—	—	5 405	—
October	—	—	...	—
Total	864 500	632 878	86 402	732 773

Notes: Based on unaudited data from FDA. A dash (—) indicates a nil amount; an ellipsis (...) indicates that data are not available.

68. A preliminary audit and a European Commission-funded financial review of FDA documented widespread irregularities; the National Transitional Government of Liberia has not responded to either review. Although the Board of Directors of

FDA is liable for fiduciary oversight, it has made no demands on FDA to provide proper accounting.

69. To improve financial management, the Liberia Forest Initiative is funding the provision of technical assistance to FDA by PricewaterhouseCoopers. As yet, FDA cannot fully document revenue or expenditures, and some revenue is going directly into petty cash. Therefore, it is unclear how much money FDA is collecting from the Ministry of Finance and from operators in the forest sector. It is also unclear how this money is being spent and how much FDA is purchasing on credit.

Operations

70. The regional offices of FDA are open, but the Authority complains about lack of capacity. Pit-sawyers complain, on the other hand, that FDA staff are operating in the regions, but only to extract bribes and transport bushmeat rather than carry out their management responsibilities. The new jeep bought for the Deputy Managing Director for Commercial Operations broke down in September in Sinoe County when he was using it to campaign for the House of Representatives.

Concession review

71. In July 2004 Charles Gyude Bryant, Chairman of the National Transitional Government of Liberia, empanelled a committee to investigate the behaviour of concessionaires to determine compliance with the rule of law. The Forest Concession Review Committee was composed of representatives from the National Transitional Government of Liberia, the international community and civil society. Concessionaires were invited to provide evidence. The Committee reviewed each concessionaire based on the minimum legal requirements for operations (i.e., a business licence, articles of incorporation, a valid contract and a performance bond); conflicts with other concessions (whether the concession area overlaps with other concessions); tax arrears; social responsibilities (e.g., clinics, schools, training); and violations of human rights, United Nations sanctions and environmental regulations (see *ibid.*, annex V).

72. The results are an indictment of the industry and the Government. The Forest Concession Review Committee found widespread non-compliance.² Of the 74 contracts that claim legal rights to log, not one company could meet the minimum legal requirements to operate, even for a single year. Only 14 per cent of taxes were paid, and more than \$64 million are in arrears. Social responsibilities were ignored and human rights and environmental regulations violated. For example, one operator, Gus Kouvenhowven (who is under a United Nations travel ban), is currently awaiting trial in the Hague on crimes against humanity for running guns to Liberia and operating a militia for his logging company. Furthermore, successive Governments used forestry as a source of patronage, ignoring prior contracts and granting multiple contracts for the same forest; thus, the concession area is 2.5 times the area of forest in the entire country. Based on these results, the unanimous recommendation of the Committee was to cancel all outstanding contracts (see table 3).

Table 3
Companies examined by the Forest Concession Review Committee

<i>Type of contract</i>	<i>Number of companies</i>			
	<i>Unexpired</i>	<i>Expired</i>	<i>With no documents</i>	<i>Failed to cooperate</i>
Concession	29	2	1	7
Management contracts	2	2	—	1
Salvage logging	—	7	4	2
Community	4 ^a	—	—	1
Undocumented claims	—	—	—	12

^a These concessions were not attested to by FDA or any Government authority.

73. Despite the unambiguous evidence of a conspiracy between Government and industry, Chairman Bryant has not implemented the recommendation of the Committee that he himself empanelled. At this point, even if contracts are cancelled by an executive order, any appeals would be considered under the next administration. In her campaign literature, President-elect Johnson-Sirleaf promised to enact the relevant recommendations of the Committee.

74. It is imperative that the recommendations of the Forest Concession Review Committee be implemented fully. Legitimate investors will demand clarity before they enter the Liberian timber sector. With up to three overlapping claims to any given concession area, investors have no legal certainty of ownership. In order to halt “business as usual”, the concessionaires and FDA must be held accountable. The only way to proceed is to cancel each claim on the basis of each company’s non-compliance and pervasive mismanagement. Furthermore, the Committee provides precedent not just for other sectors (e.g., for a review of the mining sector), but for the inclusion of civil society. The Committee, for the first time in the resource sector, provides a means for Liberian civil society to have not just access to information, but also a role in decision-making.

Governance and Economic Management Assistance Programme

75. Under the terms of GEMAP, FDA will have a financial controller and a management contractor. The controller will have co-signing authority and is on schedule to be recruited by mid-January 2006. The management contractor will operate a “chain-of-custody” tracking system that monitors timber from stump to export, thus ensuring that illegal wood does not enter the legal supply chain. This accounting system can verify that a logging company is operating within its management plans and the information forms the basis for tax assessment. The management contractor will also be responsible for collecting all revenue and providing training to FDA. A request for information has been written and a company is to be hired by May 2006. Because of the ongoing collaboration between FDA and the Liberia Forest Initiative, it is likely that the Programme will be implemented at FDA more rapidly than in other sectors.

76. The work carried out under GEMAP supports the comprehensive reform effort undertaken by the Liberia Forest Initiative and FDA for increased transparency and

accountability in the commercial forest sector (see annex II). The Managing Director is to be commended for his role in facilitating this reform process.

Progress

77. In December 2003 the National Transitional Government of Liberia produced a road map of the reforms that it would undertake to lift sanctions. The progress achieved by the end of its term is examined in table 4.

Table 4
Reform programmes for lifting timber sanctions

<i>Reform programmes</i>	<i>Description</i>	<i>Completed (as at November 2005)</i>
Building the capacity of FDA	Appoint FDA Board of Directors	Yes — however, the Board violates the law (i.e., it includes individuals with direct conflicts of interest, as they are involved in the logging business). Moreover, the Board has failed completely in its fiduciary responsibility
	Structure management, adequately compensate staff and provide logistics	Staff not paid since April
	Train field technicians and middle-level staff at a later date	No
	Prepare the terms of reference and commission an independent oversight committee with a mandate to raise community awareness, supervise and review NGOs and encourage sustainable forest management	No
	Request technical assistance for forest and financial management	Yes, the Liberia Forest Initiative has two full-time technical assistants in Monrovia
Improving sector's transparency and accountability	Commissioning an audit of FDA	No financial audit has been done. A pre-audit and European Commission financial review revealed poor management. The Initiative recently hired PricewaterhouseCoopers to assist FDA in achieving standard accounting practices, but FDA still cannot account for all revenues and expenditures
	Establish a system for depositing all forestry revenues in accounts directed by the Ministry of Finance at the Central Bank of Liberia	Yes, but FDA is putting some revenue directly into petty cash rather than the Bank

<i>Reform programmes</i>	<i>Description</i>	<i>Completed (as at November 2005)</i>
Concession review	Establish a system for funding FDA accounts with the Central Bank of Liberia based on budget allocation of quarterly transfer of funds from Government of Liberia accounts based on standing instruction	Yes, but funds are not flowing from the Ministry of Finance to FDA at the full value appropriated through the Budget Bureau
	Design a system for separate receiving and disbursing of reforestation and conservation fees	No
	Establish a system of reporting and making information accessible to the public	No
	Set up an independent oversight committee	No
	Recall and review all existing concession agreements	Complete — demonstrated widespread non-compliance and multiple contracts granted to the same concession areas; furthermore, no contract met all the legal requirements to operate. Therefore, the review recommended that each contract be cancelled. The National Transitional Government of Liberia has not taken this action, however
Conduct a forest inventory	Impose penalties on companies violating sanctions	Illegal logging is widespread with few penalties imposed
	Prepare addendum to concession agreements reflecting conservation and environmental policies	In preparation with technical assistance from the Liberia Forest Initiative
	Ground-truthing field surveys and maps from GIS	No
	Determine the potential value of forest resources (timber and non-timber forest products)	No; however, the Liberia Forest Initiative, with FDA technicians, is conducting a basic inventory
Park protection and development	Provide information for monitoring, taxation and enforcement	No
	Reconstruction of Sapo Park infrastructure	Yes; illegal miners have been removed from Sapo Park
	Provide equipment and materials for park management	Conservation International has built new park buildings and provided uniforms to guards

<i>Reform programmes</i>	<i>Description</i>	<i>Completed (as at November 2005)</i>
	Train and deploy park personnel	Fauna and Flora International is providing per diems and support for guards; United Nations civilian police trained 164 enforcement officers
Mobilize technical and financial assistance	Participate in donor meeting and other promotional activities	Yes
	Discuss bilateral arrangements	Yes

Conclusions and recommendations

78. Sanctions are effective, but much of the domestic industry continues illegally. At the end of the National Transitional Government of Liberia's term, few of the necessary reforms have been implemented. Therefore, the recommendations of the Panel in its previous reports (S/2003/779, S/2003/937 and Add.1, S/2004/396 and Corr.1 and 2, S/2004/752, S/2004/955 and, most recently, S/2005/360) remain valid.

79. Furthermore, the Security Council, in its resolution 1607 (2005), paragraph 4, urges the National Transitional Government of Liberia to implement the recommendations of the Forest Concession Review Committee. In addition, FDA must:

- Implement its strategy for controlling pit-sawing
- Ensure adequate financial control, including an immediate audit
- Install GEMAP provisions
- Reform the staffing, including reducing the number of staff from 550, properly compensating the remainder, training them and ensuring that they function appropriately.

80. Furthermore, FDA should cooperate with the Liberia Forest Initiative to implement fully the agreed-upon reform package (see annex II). The Board of Directors must issue all necessary regulations and the legislature and President must enact all necessary legal reforms to ensure that laws and regulations are consistent.

IV. Financial matters

81. Should sanctions be lifted on diamonds and timber, there is little reason to believe that Government revenues will be directed to the budget to be used for the benefit of the Liberian people. The financial administration of the National Transitional Government of Liberia continues to be weak with an archaic internal control system and virtually non-existent external oversight. While there has been some progress, including the establishment of the Large Taxpayer Unit, the Macro Fiscal Analysis Unit and the Cash Management Committee, there is a lack of proper coordination among different agencies. This is due primarily to a lack of expertise and core competency, although the existence of vested interests cannot be ruled out.

82. In the present system, more attention is paid to disbursement of cash from the bank than enhancement of the value of the activities for which funds have been disbursed. Little attempt is made to determine whether the funds approved are being released and used for the purposes for which they are authorized. No effort has been made to prepare the annual accounts of the National Transitional Government of Liberia for the last three budgetary periods (October 2003-January 2004, February 2004-June 2004 and July 2004-June 2005), let alone an audit of those accounts. As such, the data provided from different agencies do not match. The Panel has tried to take adequate precautions in collecting data, but in the absence of proper Government accounts and audits, it is not possible to certify the data.

2004/05 financial year

83. The data provided by the Minister of Finance in early November 2005 indicates wide differences in revenues for 2004/05 as recorded by different areas within the Ministry. While the Macro Fiscal Unit indicates tax revenues of \$79.344 million,³ the revenue account prepared by the Ministry of Finance reports the actual revenue as \$82.687 million.³ When the differences were brought to the personal attention of the Minister on 12 November, he could not give a satisfactory explanation and stated that the matter would be looked into, even though it had gone undetected in the past four months. There has been no further response from the Ministry.

84. The revenue budget for 2004/05 was \$80 million and the National Transitional Government of Liberia collected \$79.34 million. Customs duties and corporate and income taxes were the main contributors, while maritime collections fell to an all-time low of \$10.131 million after the Liberian International Ship and Corporate Registry, LLC (LISCR), took over the registry (see table 5).

Table 5
Revenue collections from July 2004 to June 2005

(Millions of United States dollars)

<i>Revenue sources</i>	<i>Budget estimate</i>	<i>Actual collections</i>	<i>Variation</i>
Customs duties	33.350	33.955	0.605
Maritime revenue	19.200	10.114	-9.086
Corporate tax	8.500	17.648	9.148
Income tax ^a	9.580	10.131	0.551
Goods and services tax	1.330	3.218	1.888
Other taxes, fees and charges	8.040	4.274	-3.766
Total	80.000	79.340	0.660

^a Includes other taxes on income, profit and property tax.

85. The revenue figures do not appear to include the proceeds from the sales of iron ore or grants received from other countries. In the absence of audited annual accounts, it is extremely difficult to reconcile revenue figures and, unfortunately, these same inconsistent figures will probably be handed over to the new Government.

86. The National Transitional Government of Liberia reports spending \$78.403 million during the financial year 2004/05. The major expenditures as compared to the budgeted amounts are as shown in table 6.

Table 6
Major expenditures versus approved budget
(Millions of United States dollars)

<i>Category of expenditure</i>	<i>Budgetary provision</i>	<i>Percentage of provision</i>	<i>Actual expenditure</i>	<i>Percentage of expenditure</i>
Personnel expenditure	23.719	30	38.386	49
Goods and services	19.339	24	20.671	26
Transfers and subsidies	15.014	19	6.190	8
Capital expenditure	11.076	14	9.315	12
Debt	10.850	13	3.841	5
Total	80.000	100	78.403	100

87. During the fiscal year there were large transfers of funds from such Ministries as Health, Education and Public Works to the Ministry of State for Presidential Affairs, the Ministry of Finance, the Budget Bureau, and the General Service Agency. As a result, already dilapidated infrastructure, such as schools, hospitals, roads and bridges, continues to deteriorate. Despite the National Transitional Government of Liberia having spent 61 per cent more than was budgeted on personnel expenditures, salaries are still several months in arrears. As at 30 June 2005, there were unpaid vouchers totalling \$5.127 million.

Table 7
Budgetary provisions versus expenditures for 2004/05
(Millions of United States dollars)

<i>Ministry/agency</i>	<i>Budgetary provision</i>	<i>Expenditure</i>	<i>Percentage increase/(decrease)</i>
Presidential affairs	2.903	5.144	177.2
Finance	1.284	5.362	417.6
General services	0.725	5.653	779.7
Defence	3.882	8.023	206.7
Education	8.154	6.568	(19.4)
Health	7.078	4.016	(42.6)
Public works	2.250	0.810	(64.0)
Agriculture	1.110	0.231	(79.2)
Judiciary	3.998	2.037	(49.0)
Salary arrears	9.000

88. No approval of the legislature was obtained for making such sweeping transfers of funds from the approved budget. Furthermore, the circumstances under which such transfers were made have not been made available to the legislature or to the public, and even the Ministry of Finance website does not give any information on these aspects. Thus, there was no transparency at any level concerning the transfer of funds.

2005/06 budget

89. As at mid-November 2005 the National Transitional Government of Liberia budget for fiscal year 2005/06, which began 1 July 2005, had not been finalized. It was widely reported, and verified by the Chairman, that although the budget submitted for legislative approval was for \$80 million, in August the National Transition Legislative Assembly adopted a budget of \$93 million. Because he could not get a satisfactory explanation for the \$13 million increase, the Chairman did not approve the budget for a long period.

Payment of incentives for passage of the budget

90. It was reported widely in the local media that the Chairman had paid \$226,000 in two instalments to the National Transition Legislative Assembly members for passing the budget. The International Contact Group on Liberia reported disbursements of petty cash of \$150,000 (week of 8-12 August) and \$76,000 (week of 22-26 August) to the Assembly. The National Transitional Government of Liberia in its response stated that no amount had ever been paid to the Assembly as petty cash and that the \$150,000 paid to the Assembly was for operational expenses, while \$76,000 represented domestic travel for the members. The Panel found that there was no object code/category of expenditures called "operational expenses" in the provisions sanctioned for the National Transition Legislative Assembly in the budget for 2005/06. Nor was there any budgetary provision for the Assembly under the heading "domestic travel expenditure". Moreover, a letter dated 25 August 2005 was sent by the Vice-Chairman (as acting Chairman) to the Acting Minister of Finance directing him to make payment of \$76,000 as the National Transition Legislative Assembly petty cash (see annex III).

91. Although the Chairman finally approved the budget passed by the Assembly on the condition that the additional \$13 million should not be disbursed until the requisite revenues were raised, the budget document was not available, even from the Ministry of Finance, until mid-November.

92. The draft budget for 2005/06, which was the basis of the Cash Management Committee through November, indicates that the provisions for the important social sector departments in such areas as health, education, public works, rural development and agriculture have been reduced significantly from the previous year, even though the social indicators of the country are appalling. The International Contact Group on Liberia stated, in October 2005, that by the end of October the unpaid vouchers had reached \$10 million, of which nearly half represented payroll arrears. For the week of 22-26 August, the Cash Management Committee intended to transfer \$400,000 to the payroll account, but it was able to transfer only \$100,000 because the Chairman had revised the approved payments and added 14 new expenses.

Customs revenues

93. Customs duties accounted for nearly 43 per cent of the total revenues of the National Transitional Government of Liberia for fiscal year 2004/05. Customs duties have risen moderately in the past two years, despite a large number of exemptions and waivers, as reported in previous Panel reports.

94. In September 2004, without following any transparent tendering procedure, the National Transitional Government of Liberia renewed a three-year contract with BIVAC International for pre-shipment inspections of imported and exported goods. A copy of the contract obtained from the Minister of Commerce and Industry in November 2005 indicated that the agreement had neither been attested to by the Minister of Justice nor approved by the Chairman of the National Transitional Government of Liberia, as is customary. Furthermore, some provisions have been added that are not beneficial to the Government of Liberia. For example, BIVAC collects a pre-shipment inspection fee of 1.5 per cent of the value of imports and 1.4 per cent of exports (or a minimum of \$250), of which 0.4 per cent used to revert to the National Transitional Government of Liberia. But under the new contract BIVAC gets to keep the entire \$250 minimum. It is not clear how or by whom those provisions were added.

Misappropriation of pre-shipment inspection fees

95. Until early June 2003, BIVAC kept pre-shipment inspection fees in accounts at the TRADEVCO Bank. However, TRADEVCO went into liquidation, and in December 2004 BIVAC received \$278,105 as the balance of its accounts. The funds were remitted to the BIVAC bank account in Zurich without any payments made to the National Transitional Government of Liberia of the Government's share of the pre-shipment inspection fees. Although BIVAC was asked to clarify its position, it had not replied as at the date of the present report. Furthermore, BIVAC did not furnish its monthly accounts for the past three years for verification, as the Panel had requested.

No pre-shipment inspection of rice and petroleum imports

96. Although the Government of Liberia/National Transitional Government of Liberia has hired BIVAC to conduct pre-shipment inspection on imports and exports, large amounts of imports of petroleum and rice and exports of rubber, iron ore and scrap metal are not being subjected to pre-shipment inspection for verification of quality, quantity and price of the goods. Pre-shipment inspection of petroleum and rice imports had not started, even one year after the renewal of the contract that states that pre-shipment inspection will be conducted on all commodities. BIVAC attributes this failure to the lack of will of the National Transitional Government of Liberia. Indeed, in violation of the contract, the Ministry of Finance is allowing the customs authorities to release shipments of petroleum and rice without BIVAC certificates.

Non-payment of customs duties/goods and services tax by rice importers

97. In its previous report (S/2005/360, para. 163), the Panel cited the non-payment by rice importers of customs duties and goods and services tax of \$3.7 million. The

National Transitional Government of Liberia has not taken any action on this non-payment. A report furnished by the Ministry of Finance on 11 November 2005 indicates that rice importers have not paid the customs duties/turnover tax/goods and services tax/stabilization dues of \$2.352 million for rice imported during 2004. The report also indicates that rice importers have not paid dues of \$6.030 million for imports during the period from January to September 2005 (see table 8). When the matter was raised with the Minister of Finance, he pleaded total ignorance, even though the report was submitted by him personally.

Table 8
Rice imports from January to September 2005

(Millions of United States dollars)

<i>Importer</i>	<i>Customs duties/goods and services tax turnover/stabilization dues</i>		<i>Outstanding amount</i>
	<i>Payable</i>	<i>Paid</i>	
Bridgeway Corporation	3.389	0.187	3.202
K & K Corporation	1.189	—	1.189
Fouani Brothers Corporation	0.947	—	0.947
Fouta Corporation	0.385	0.030	0.355
Africa Impex Inc.	0.337	—	0.337
Total	6.247	0.217	6.030

Import of petroleum products

98. Edwin Snowe, who is on the travel ban and assets freeze lists, is the Managing Director of the Liberia Petroleum Refining Company and has recently been elected to the House of Representatives. During the Panel's mandate, Snowe initially refused to cooperate, stating that he had cooperated with the United Nations and the Panel in the past and it had not helped him, as he is still on the sanctions lists. He said he would no longer cooperate with anything having to do with the United Nations, especially in his new position in the legislature. He also said that he would band together with the other elected officials who are on the lists and work against the United Nations. During the second week of September 2005, the Panel submitted a written questionnaire to him through the Ministry of Finance requesting information concerning petroleum products; no information was submitted in time for inclusion in the present report. Even the Ministry of Finance expressed helplessness in view of Snowe's elevation as a member of the House of Representatives. In addition to the Managing Director, the Chairman of the Board of Directors of LPRC and all three deputy managing directors were elected to the Senate or House.

99. In its previous report, the Panel documented substantial missing revenues from duties and sales taxes due from the import of petroleum for the period from January 2004 to April 2005. The report documented substantial missing revenues (\$8 million to \$10 million) from the import of petroleum from January 2004 to April 2005. In its response in November, the Ministry of Finance admitted that importers owed \$2.4 million. Furthermore, the Ministry had miscalculated the tax due: for 13 months it used the rate of 45 cents per gallon instead of the actual tax of 60 cents

per gallon, thereby underestimating Government revenue by \$3.5 million. Thus, by the Ministry's own admission, the Government is due at least \$5.9 million from petroleum importers for the period from January 2004 to April 2005.

Maritime affairs

100. LISCR continues to be an important source of revenue for the Government of Liberia. The Ministry of Finance reported that income from LISCR had dropped to \$10.131 million, which is the lowest point since LISCR took over the registry. In its previous report, the Panel highlighted the inability to reconcile the different reports of income from LISCR to the National Transitional Government of Liberia as reported by LISCR, the Bureau of Maritime Affairs and the Ministry of Finance. No attempt has been made by the Transitional Government to reconcile these discrepancies, even as revenue seems to be dropping.

101. Subsequent to the issuance of the previous report of the Panel, the National Transitional Government of Liberia charged J. D. Slinger, the Managing Director of the Bureau of Maritime Affairs, with economic sabotage for misappropriation of dividends from INMARSAT investments and other funds from the maritime programme. In addition, all but one of the permanent employees of the Bureau located with LISCR in the United States were removed from their positions, the Director of the permanent mission at the International Maritime Organization in London was recalled and actions are pending on a number of employees in Liberia. J. D. Slinger was released from jail on bond and has fled the country.

102. Although there still has been no audit performed on LISCR, the Bureau of Maritime Affairs has stated that final arrangements have been made with Moore Stephens, the British auditing firm that conducted the European Commission-funded financial review of the Bureau of Maritime Affairs, to conduct an audit of LISCR. The Bureau has not conducted any reviews of LISCR revenues or compared those received to projected budget figures. It has placed all of its dealings with LISCR on hold until the Moore Stephens audit is concluded, but the Bureau did state that it intended to review the contract between Liberia and LISCR immediately after the audit was completed.

Proceeds from the sale of iron ore

103. In previous reports (S/2004/955 and S/2005/360), the Panel highlighted the sale of the iron ore by the National Transitional Government of Liberia at a rate lower than market price without following transparent tendering procedures. After great difficulty and repeated written and personal requests, on 11 November 2005 the Ministry of Finance provided the Liberia Mining Corporation (LIMINCO) report of actual receipts from the sale of the iron ore.

104. In May 2005, the Ministry of Lands, Mines and Energy claimed the receipt of \$6.165 million from the sale of 679,086 tons of iron ore, on an "as is where is" basis, to the Shandong company. In contrast, the LIMINCO report states that \$7.831 million was received, from which \$1.111 million was paid to Shandong and \$0.463 million was paid as loading charges to the Zuahn company. Shandong received \$1.111 million because it resold 185,154.89 tons of dry iron ore (the equivalent of 203,960 tons of wet ore) to Metalimex at the rate of \$19 per ton minus loading charges — although there was no such provision in the contract between Shandong

and LIMINCO. Thus, LIMINCO and the National Transitional Government of Liberia lost more than \$6 per ton.

105. From remaining revenue (\$6.257 million), LIMINCO claimed to have paid \$2.08 million to the Transitional Government. Neither the Macro Fiscal Unit nor the Revenue Account Unit of the Ministry of Finance can verify that any such receipts were deposited in the National Transitional Government of Liberia accounts. Indeed, both the Revenue Account and Macro Fiscal Units report a paltry receipt of \$5,751 for exports of minerals (royalty) during fiscal year 2004/05. The LIMINCO report further states that \$3.041 million was paid to LIMINCO itself and \$1.133 million to the former LIMINCO workers' accounts. The audited accounts of LIMINCO were not furnished to the Panel despite repeated written and personal requests to the Chairman of the Board of Directors, who is also the Minister of Finance. He expressed his total helplessness in matters pertaining to LIMINCO. The location of the funds from the sale of the iron ore remains a mystery. The secrecy in which the sale of iron ore is shrouded was one of the points on which the National Transition Legislative Assembly threatened to impeach the Chairman of the Transitional Government in the first week of November 2005.

Sale of scrap metals

106. While international prices for scrap metal ranged from \$75 to \$100 per ton, LIMINCO sold large quantities for \$5 to \$15 per ton without following any transparent procedure. None of those contracts were vetted by the Contracts and Monopolies Commission, whose mandate is to ensure transparency in the procurement processes. The majority of the firms involved are exporting without pre-shipment inspections of the quantities and prices. The Panel uncovered two of those contracts, signed by LIMINCO, to which the Minister of Lands, Mines and Energy and the Minister of Finance were also signatories. When the matter was brought to the attention of the Minister of Finance (and Chairman of the Board of LIMINCO), he expressed his total ignorance about the contracts and stated that he had not signed any of the contracts. He claimed that the contracts had been signed by his deputies without his knowledge, even though he was present in the country on the dates of their signing. The Minister acknowledged that the scrap metal lobby was very strong and that it had had the ban on the export of scrap metal lifted through the Cabinet.

107. The Panel visited the Port of Buchanan, from which much of the scrap metal is exported, and noted that even good assets (rails, wagons, warehouses and processing plants) were being destroyed for scrap. This has led to tension between Mittal Steel, which received the concession for the development and sale of the iron ore mine in Nimba County as well as all assets of LIMINCO, and the scrap dealers, who are out to loot those assets.

Iron ore concession to Mittal Steel

108. In August 2005, the National Transitional Government of Liberia signed a mineral development agreement with Mittal Steel, one of the biggest steel manufacturers in the world, for a 25-year iron ore concession in Nimba County. The Mineral Technical Committee (chaired by the Deputy Minister for Lands, Mines and Energy), reportedly initially favoured the Global Infrastructure Holding Company Limited (GIHCL). This process was questioned by the Ambassador of the United

States to Liberia, who wrote to the Chairman expressing serious concern about the subjective selection guidelines and demanded an open, fair and transparent tendering system, consistent with international norms (see annex IV). GIHCL pursued the matter through the Supreme Court of Liberia. In a dramatic turnabout, two weeks later the Chairman awarded the contract to Mittal, although not under the terms demanded by the United States Ambassador and despite the stay order granted by Supreme Court.

109. For Liberia the deal is crucial and sensitive because it would involve an investment that Mittal estimates at \$900 million over 25 years and because iron ore, 10 to 15 million tons of which is exported annually at the peak, is the country's biggest asset. LIMINCO property included not just the ore reserve but also the railway between Yekepa and Buchanan and facilities, including power plants, in both towns.

110. Three elements of the contract of particular concern to the Panel may influence security and forest management in Liberia. First, Mittal is able to operate a security force without any restrictions and with the power to search, arrest and detain. In the past, the security forces of some companies operated as militias. Contracts must be explicit about issues related to security forces, such as training, accountability and the right to carry arms. Second, the contract allows logging for free within the concession to the extent reasonably needed for operations. Given the extensive operations and rebuilding, this may represent a large financial and environmental cost to Liberia. Third, although Mittal will provide \$3 million a year for local community development, in the first year half of that amount will be used to pay the back salaries of LIMINCO employees. Local people may object strongly to being required to pay these salary arrears when they themselves live in dire poverty. These provisions suggest that Liberians cannot rely on their Government and the international community to protect their interests, but that transparent negotiations are necessary.

Payment of \$250,000 to disqualified candidates

111. In late September 2005, the Supreme Court held that the disqualification of certain candidates was not valid and they should be allowed to contest the presidential elections. Since there was not enough time to reprint the ballots, the National Transitional Government of Liberia, with the help of ECOWAS mediators, managed to persuade the candidates to drop their petition. Subsequently, it was widely reported in the press that the Chairman had promised to reimburse them \$250,000 for legal expenses and \$300,000 was to be arranged to be paid from ECOWAS. Even though \$250,000 was drawn from Government's coffers, one of the candidates held a press conference stating that he had not received any sum from the Chairman. The ECOWAS Co-Chair (also the Ambassador of Ghana to Liberia) confirmed the incident to the Panel, but stated that ECOWAS had not paid anything, as it had insufficient funds.

Threat of impeachment of the Chairman by the National Transition Legislative Assembly

112. In early November, members of the National Transition Legislative Assembly, under the leadership of the Acting Speaker, issued a threat of impeachment proceedings against the National Transitional Government of Liberia Chairman for

financial irregularities involving \$8 million of maritime funds, misuse of the proceeds from the sale of iron ore and the payment of \$250,000 to the disqualified candidates. The Assembly directed the Minister of Justice to bring the Minister of Finance, his deputy and the Director-General of the Budget Bureau before the Assembly. Although the Chairman described the allegations as baseless and unfounded and demanded that the Assembly produce evidence in support of its claims, the lack of transparency in the use of Government funds was one of the main reasons for this conflict between the executive and legislative branches.

113. Senior Ministry of Finance officials stated that members of the Assembly were unhappy because the Ministry had started deducting income tax from their allowances and the Assembly members had demanded retroactive pay increases, which the Ministry was not paying. (As stated in the previous reports, no income tax was being paid by senior officials/Assembly members on their allowances.) In addition to his salary, the Acting Speaker draws an allowance of approximately 4,500 gallons of gasoline every month, while each Assembly member gets approximately 200 gallons monthly. A top Ministry of Finance official, who owns a gas pump, told the Panel that immediately after getting their gas coupons, the Assembly members sell them to the general public at slightly less than market rate, leading to a scramble at the pumps.

114. The National Transition Legislative Assembly recently passed a bill stating that the new jeep Cherokee vehicles purchased in 2004 (for \$34,000-\$37,000) for their official use should be sold to the legislators for a nominal fee on the expiry of the Assembly in December 2005. The Chairman vetoed the bill and, in the first week of November, told the Panel that a cabinet subcommittee had been formed to ensure that all assets purchased by the Transitional Government should be handed over to the incoming Government. The United States Embassy issued a press release stating that any National Transition Legislative Assembly member who failed to return his or her jeep would henceforth be denied visas for travel to the United States.

Economic Governance Steering Committee

115. In late October, at the 1st meeting of the Economic Governance Steering Committee, the International Contact Group on Liberia presented a status report on the functioning of the Cash Management Committee, in which the World Bank public finance adviser participates as an observer. The salient features of the report are as follows:

- (a) The bulk of the revenue generated in the first quarter of fiscal year 2005/06 (July-September) was spent in a highly discretionary manner, leading to an accumulation of salary arrears;
- (b) It is no longer exceptional for the Committee to approve payment for transactions that involved no vouchers;
- (c) There is a clear trend on the part of the ministries/agencies to give priority to vendors' payments over essential/mandatory expenses;
- (d) Little remedial action has been taken in view of the report of the Auditor-General on foreign travel of National Transitional Government of Liberia officials, for example, top officials continue to draw large sums of money without supporting vouchers and no settlement of previous advances;

(e) Large sums of money are drawn as petty cash without explanation of how the money is spent;

(f) Large amounts of miscellaneous payments are authorized without details being furnished;

(g) As a result of these practices, there has been a build-up of arrears of \$10 million, with no plan in sight for their clearance.

116. The Minister of Finance is the chairman of the Cash Management Committee. He issued a detailed response disputing most of the observations of the International Contact Group on Liberia. Despite the Minister's claims, the Panel found evidence confirming some of the findings of the Contact Group, such as a letter from the Acting Chairman directing the Minister of Finance to release \$76,000 to the National Transitional Legislative Assembly as petty cash (see annex III). Likewise, there are no provisions in the 2005/06 budget for such items as operational expenses and domestic travel for Assembly members, even though the Ministry of Finance claims that the Assembly has spent \$226,000 for such purposes. This suggests that the response of the Cash Management Committee should not be accepted at face value and that independent verification is necessary.

Auditor-General's office

117. The Panel has outlined the urgent need for strengthening the Auditor-General's office as an instrument of ensuring accountability of the National Transitional Government of Liberia. Because of a lack of initiative on the part of the National Transitional Government of Liberia, ECOWAS sent a team of investigators to Monrovia to review the financial transactions of important ministries and agencies. Although the investigation was completed several months ago, ECOWAS has not submitted its report to the National Transitional Government of Liberia. Despite repeated contacts, the Panel also did not obtain access to the report.

118. The National Transitional Government of Liberia has passed legislation to make the Auditor-General accountable to the legislature for its functioning but has not taken sufficient steps to implement the recommendations of the Auditor-General, such as those reported in the audits of foreign travel and import and export declaration forms (see S/2005/360). The European Commission has initiated steps to strengthen the institution. GEMAP also provides external assistance to the Auditor-General's office.

Recommendations

119. Comprehensive audits of the offices of the Executive Mansion, the Vice-Chairman; the Ministries of State for Presidential Affairs of Lands, Mines and Energy, of Commerce and Industry, of Justice and of Finance; the Budget Bureau and the General Service Agency should be conducted by the Auditor-General for the period from October 2003 to December 2005 with technical assistance and guidance provided by the European Commission. The audits should be conducted within a time-bound period and the reports made public within a period of six months.

120. The executive branch should not be empowered to make re-appropriations in excess of 10 per cent of the budgetary provisions without the approval of the legislature.

121. All GEMAP positions should be filled on a priority basis and time-bound objectives should be prescribed for each position and the achievements closely monitored.

122. The financial accounts of all major revenue-generating State-owned enterprises (LPRC, National Port Authority, Roberts International Airport, the Bureau of Maritime Affairs and FDA) for the transitional period should be completed, an audit conducted by an independent international firm within three months and the results made public.

123. All assets procured by the National Transitional Government of Liberia should be accounted for and handed over to the incoming Government.

V. Assets freeze

124. After one and a half years, the assets freeze imposed by the Security Council in its resolution 1532 (2004) has not yet been implemented in Liberia. None of the assets of designated persons have been frozen. The petition filed in October 2004 by Benoni Urey and Emmanuel Shaw against the action taken by the Minister of Justice to freeze their investments in the cellular mobile company Lonestar was heard by the Supreme Court in May and September, and a judgement was delivered (see annex V). The Court granted the peremptory writ of prohibition. It however allowed the National Transitional Government of Liberia to proceed with whatever action it wished to pursue as long as it was in keeping with the due process of law as enshrined in the Constitution and statutes of Liberia.

125. The Panel met the Minister of Justice on 23 September to learn of the further action he proposed to take to implement the resolution: he would immediately file two petitions in the lower court, one for the same two individuals and one for all the other individuals identified by the Security Council. The Panel, in its meeting with the Chairman in early November, again raised the issue, about which he feigned ignorance. He talked to the Minister of Justice by telephone and was informed that because the judge of the civil court was on sick leave, the petition could not be filed. The Panel met the Minister again on 15 November, at which time he informed the Panel that because the judge of the civil court was still not in attendance, he could not file the petitions, although he had gone to court three times on the matter. He could not clarify why he was unable to get another judge to look after the matter while the regular judge was on leave. The Minister stated that the judge might have deliberately gone on leave, as some of the designated persons (Jewel Howard-Taylor, Cyril Allen and others) had issued press statements criticizing the National Transitional Government of Liberia and accusing the Minister of Justice of destabilizing the peace in Liberia by enforcing the assets freeze resolution.

126. In one of the meetings with the Panel, Edwin Snowe also accused it of destabilizing the peace and dividing the people of Liberia by trying to press for enforcement of the assets freeze resolution. He stated that whenever the Panel came to Liberia, the Transitional Government started to take action. He also accused the Minister of Justice of having demanded money from him to keep the matter out of court. He further stated that because the United Nations was not following the due process of law and had not given him any opportunity to explain his position, he would not take it lying down anymore and would try to join hands with other similarly placed persons to fight the issue. Snowe has since been elected to the

House of Representatives. In his declaration before the National Election Commission as a candidate, he declared the following income realized within the borders of Liberia and abroad during the 12-month period from 1 July 2004 to 1 July 2005:

Income from LPRC	\$66,720
Income from real estate	\$88,400

He has also declared the following assets:

House (ELWA Sammis beach)	\$165,200
House (Dupont Road)	\$31,100
Stores and apartments (Benson Street)	\$30,000
Apartment (Congo Town)	\$37,200
Empty lot (Vamoma, fish market)	\$1,500
Bank account (Ecobank)	\$10,200

127. Four other designated persons have been elected to the Senate or House of Representatives (see para. 14), and they are entitled to pay and allowances from the Government of Liberia beginning in January 2006. Benoni Urey and Emmanuel Shaw continue to receive monthly salaries from the cellular telephone company Lonestar. In addition, their company, PLC, receives 4 per cent of the monthly revenue of Lonestar.

128. Ecobank has furnished information related to nine bank accounts of seven designated persons (see table 9).

Table 9

Information on bank accounts of designated persons in the past 12 months

<i>Name</i>	<i>Account number</i>	<i>Balance and number of transactions</i>
Cyril A. Allen	XXXX612018	\$185.48, 10 transactions
	XXXX611011	6,268.70 Liberian dollars, 11 transactions
Myrtle F. Gibson	XXXX512016	\$48.00, 1 transaction
Emmanuel L. Shaw II	XXXX512017	\$1,161.67, 2 transactions
Benoni W. Urey	XXXX712011	\$(-)4,164.70, 2 credit transactions
Charles "Chuckie" Taylor, Jr.	XXXX912018	Closed in May 2005
Joseph Wong Kia Tai	XXXX256018	Closed
	XXXX412019	Closed
Gus Kouwenhoven	XXXX412011	Closed

Outside Liberia

129. The Panel contacted Burkina Faso, France, the Gambia, Germany, Ghana, Guinea, the Russian Federation, Senegal, Sierra Leone, South Africa, the United Kingdom and the United States to learn of actions taken by them to freeze the assets of the persons designated by the Security Council sanctions committee.

130. The Panel also met the Nigerian Ambassador to the United Nations in New York in August and informed him of the intention of the Panel to visit Nigeria to meet senior Government officials. He was requested to organize a meeting with Charles Taylor in Calabar. Despite reminders, no communication was received by the Panel from the Government of Nigeria.

131. The countries that have frozen the assets of the persons designated in the assets freeze list pursuant to the Security Council resolution 1532 (2004) are listed in table 10.

Table 10

Countries that have frozen assets of designated persons

<i>Country</i>	<i>Designated person</i>	<i>Type of assets</i>	<i>Value</i>
France	Mohamed Salame	Bank accounts	..
	Moussa Cisse	Bank accounts	..
Germany	Leonid Minin	Bank accounts	€2 089
Ghana	Grace Minor	3 bank accounts	\$116 963
Lebanon	Mohamed Salame	2 bank accounts	\$2.54 million
	Ali Ramadan Kleilat Al-Dilby	Several bank accounts	..
	Charles Bright	Bank accounts	Closed in April 2004
	Edwin Snowe	Bank accounts	\$(-)141 768
United Kingdom	Agnees Reeves Taylor	Bank accounts	£22 400
United States	Benoni Urey	Real estate	\$695 000
	Victor Bout	Investments in companies	\$2 million (approximately)

132. The Government of Lebanon informed the Panel that Charles Bright, Minister of Finance under Charles Taylor and on the assets freeze list, had a savings account (No. XXXX444) in the Intercontinental Bank of Lebanon. From December 2002 to April 2003, his account was credited with \$250,000 in instalments of \$40,000 to \$60,000 every month from the account of Elyas Haddad in Liberia. It is understood that Elyas Haddad is a business associate and closely related to George Haddad, a prominent rice importer in Liberia and the owner of the Bridgeway Corporation. Charles Bright subsequently closed the account in April 2004 after transferring the bulk of the funds back to the account of Elyas Haddad. In a meeting with the Panel, Bright admitted in late November that he had opened the account with the help of George Haddad and attributed the balances in the bank accounts to gratuities and donations from the business community of Liberia.

133. The Government of Lebanon has also furnished information about the two accounts of Edwin Snowe in the Banque Libano-Française, one in Lebanese pounds

and the other in United States dollars. The details of transactions show that there were several credits, ranging from \$13,375 to \$199,989, and two big debits amounting to \$300,000 in the last two years while he was working as Managing Director of LPRC. When the Panel asked Snowe what the sources of the funds were, he initially stated that he had purchased a generator, but when pressed with the information that the account had credit entries of hundreds of thousands of dollars, he changed his stance and said that he was a businessman and he had a flourishing business selling generators, inverters, lubricating oil and electrical goods. However, no business income from 1 July 2004 to 1 July 2005 is mentioned in his declaration to the National Election Commission.

Recommendations

134. Adequate international pressure should be put on the incoming Government of Liberia to implement Security Council resolution 1532 (2004) in letter and spirit. Every effort should be made to speed up the legal process in Liberia to freeze the assets of the designated persons.

135. The Government of Liberia should be requested to ensure that no funds are made available to the persons on the assets freeze list, as stated in the resolution.

136. A midterm review of the assets of persons designated by the sanctions committee should be done through a committee in which representatives of the United States, the European Union, UNMIL, the Government of Liberia and ECOWAS are members, and necessary legal action to confiscate assets, if deemed necessary, should be undertaken.

VI. Arms and travel ban

Assessment of recruitment size

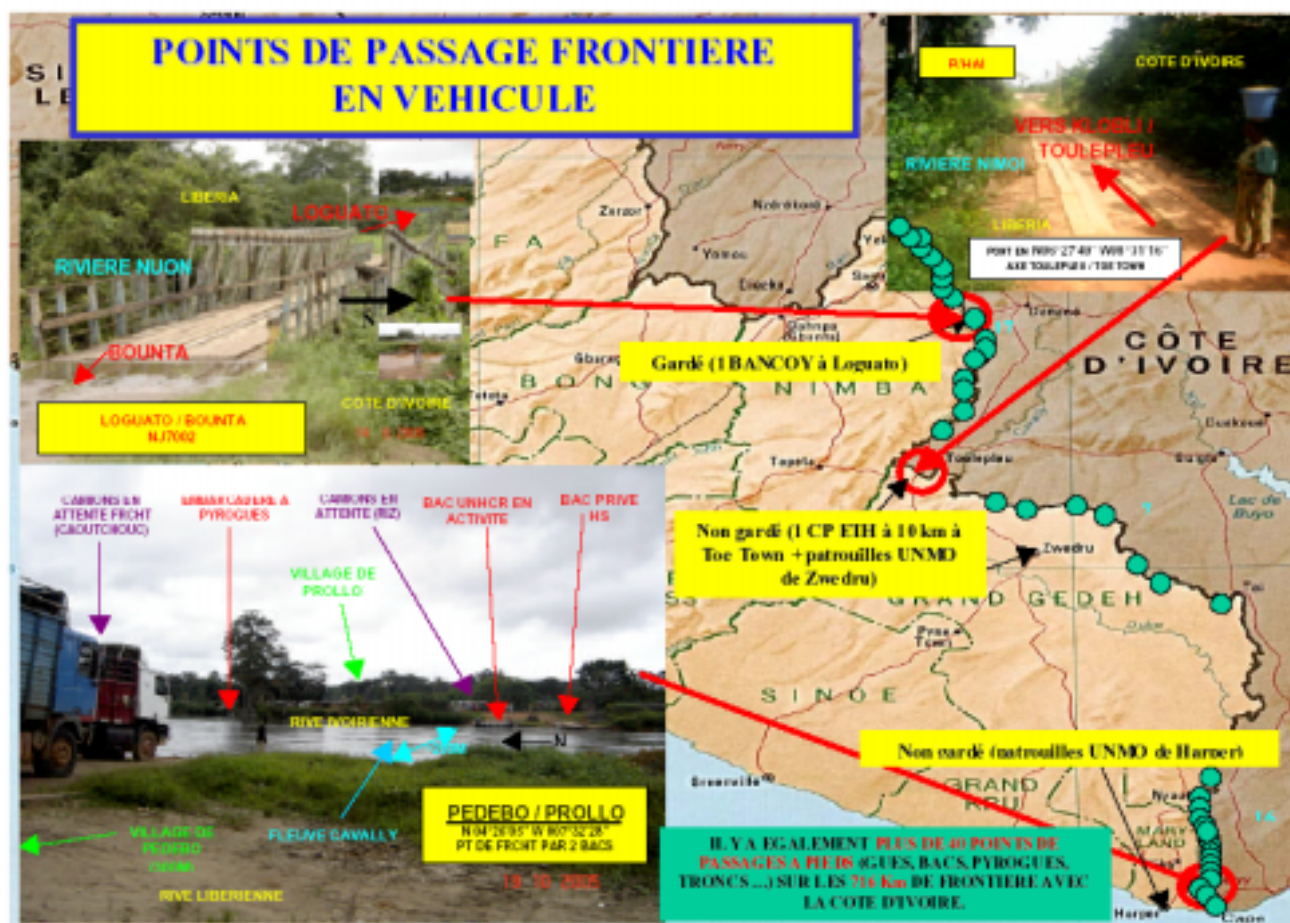
Situation encountered at the Liberian/Ivorian borders

137. The border between Côte d'Ivoire and Liberia is 716 kilometres long, with only three crossing points for vehicles (see figure 2). One access point, where UNMIL maintains a checkpoint, leads from Loguato in Nimba County in the direction of Danane, Côte d'Ivoire, and territory occupied by the New Forces. The other crossings lead to areas controlled by the Government forces: the bridge 10 kilometres east of Toe Town and two ferries, one privately owned and the other owned by the Office of the United Nations High Commissioner for Refugees, north of Harper in Maryland Country.

138. The only other crossings (approximately 40) are accessible only by foot (often requiring up to 10 hours of walking), canoe or wading in shallow water. This is especially difficult during the six-month rainy season. Passage on foot requires going through villages, which must be crossed at night to avoid detection. Most of the paths are covered by dense vegetation, which makes surveillance by air difficult.

139. The Bureau of Immigration and Naturalization can control only a few crossings. UNMIL has only the one checkpoint at Loguato, but it patrols the border by car and helicopter. Militarily speaking, having only three vehicle crossings, despite the long border, makes it easy to block the border if needed.

Figure 2
Map of the vehicular border crossing between Liberia and Côte d'Ivoire



Field investigation on the recruitment situation

140. The Panel interviewed NGOs and citizens in multiple locations and confirmed that children had disappeared from some schools in Grand Gedeh County. One ex-combatant, speaking only on condition of anonymity, confirmed that he had been approached for recruitment when he was in Toe Town with a friend by French-speaking persons claiming to be from Côte d'Ivoire. This ex-combatant also showed two identification documents bearing different names, one was his election registration card and the other was his ex-combatant card.

141. In another situation, a town chief presented a recruiter to UNMIL because he thought the man seemed suspicious. This Liberian citizen admitted that he was a recruiter and that he had six companions with him, along with four AK-47 weapons hidden in the bush. To the knowledge of the Panel, none of those weapons have been recovered.

142. According to a military liaison office of Licorne in Liberia, small groups of Liberian ex-combatants are working in cocoa plantations in Côte d'Ivoire, in particular in the Toulepleu/Guiglo area, under the supervision of Liberians. This

keeps the ex-combatants under control, but it also creates a force that could be used to recruit Liberians from Grand Gedeh and other counties. The number of Liberians in Côte d'Ivoire ready for an immediate armed action is difficult to establish, but could be as many as 1,000. It is also important to note that if necessary, ex-combatants in Liberia could be called on short notice (three or four days) to join a conflict in the Côte d'Ivoire. The available information indicates that some of the ex-combatants in Côte d'Ivoire (potential mercenaries) are armed.

Has demobilization really been achieved?

143. Cross-border movements of recruits, even though some were disarmed through the rehabilitation and reintegration programmes in Liberia, suggests that the chain of command with the former faction chiefs, especially those of MODEL, still functions.

What can be done to control and monitor the recruitment of ex-combatants?

a. Impact of the rehabilitation and reintegration programmes

144. It is difficult to estimate how many people have been recruited in Liberia over the past six months, but it is believed that the actual number of ex-combatants is about 2,000 in Zwedru, 200 in Toe Town, 350 in Zai Town, 1,000 in Fish Town, 1,000 in Maryland County, 15,000 in Sinoe County and 12,000 in Nimba County (total: 31,550). Many of them are still outside the rehabilitation and reintegration process and are potential targets for recruiters.

145. There is still a shortage of funds (\$10.2 million) for the rehabilitation and reintegration process, and few beneficiaries have completed the process in the border areas. Ex-combatants may become disillusioned with United Nations promises of reintegration and be tempted to choose mercenary activities. Despite all the difficulties encountered in implementing the rehabilitation and reintegration process in the outlying counties of Liberia, this work should be continued to avoid the risk that ex-combatants will choose warfare as their best alternative.

b. Other possible ways to address the situation

146. Even though the situation is volatile, UNMIL and the Government of Liberia are not without possibilities to control recruitment. The following actions are proposed:

- Identify the persons involved in recruitment activities, using the registries held by the Bureau of Immigration and Naturalization at the border crossings. There are four registers, two for the entrance and exit of Liberians and two for the entrance and exit of foreigners. They are well managed and provide all the necessary information on the identity of each person, their documents, their point of destination and the goal of their trip. Other registries, such as the electoral register and the ex-combatant registration database maintained by UNMIL, can be used for cross-checking.
- The low level of salaries of law enforcement officers facilitates bribery, allowing a truck to cross the border unchecked for a relatively small amount of money. The Panel itself witnessed remittances of money to law enforcement officers as a day-to-day habit and has received numerous complaints about

bribery, including information on the average “fee” to be paid to cross the border (\$10-\$20 for a foreigner). It is therefore recommended that salaries be adjusted to an acceptable level. This should be complemented by an anti-corruption unit.

- Cooperation with town chiefs is also essential; they should be sensitized to recruitment dangers and encouraged to cooperate with UNMIL and the national authorities on this subject.
- The New Armed Forces of Liberia (NAFL), once properly trained and equipped, could potentially increase security at border crossings and ports. Orienting the strength and composition of the army to carry out this task could help to protect security and peace in Liberia and the subregion.

147. Another issue is the ongoing cooperation with the United Nations Operation in Côte d’Ivoire forces. Enhanced communication and regular, as well as ad hoc, meetings should be encouraged at all levels to enhance coordination.

Weapons situation

Weapons imported for the New Armed Forces of Liberia

148. In August 2005, a waiver was granted to import arms and ammunition to Liberia for the training and equipping of NAFL. Claymore mines were on the original request for importation, but these landmines were denied authorization by the sanctions committee.

Restructuring of the Liberian National Police

149. According to the Comprehensive Peace Agreement, the Liberian National Police should undergo restructuring. The Director of Police stated that a plan of action had been prepared and that most of the 3,400 current members of the Liberian National Police would either retire, leave on a voluntary basis or be dismissed if they did not pass an educational test. New recruitment will include a background check of past activities and offences. Previous police recruitment, which took place under the auspices of UNMIL, was criticized by human rights organizations for being undersourced and inadequate.

150. An exemption has been requested by the Government of Liberia to equip the police with sidearms on certain occasions, such as to fight armed robbers. Nigeria proposed donating 50 guns for this purpose. The Panel visited the vault and was informed that the existing locks would be upgraded to improve security.

What will be the structure of the New Armed Forces of Liberia?

151. NAFL will be constituted once the Armed Forces of Liberia has been disbanded, which will occur in two phases: first the soldiers recruited after 24 December 1989 will receive a “package” of \$540 and, subsequently, the regular soldiers recruited before that date will be compensated according to rank and time in service. Most of these soldiers are now eligible for retirement. Unfortunately, there is still a shortage of money available to carry out this phase.

152. Given that NAFL will not begin until the demobilization phase is totally finished and that this date is unknown, the Panel was informed that recruitment and

training would be limited to 2,000 soldiers, dispatched in two battalions and a brigade headquarters. To lodge and train this new army, barracks and storage houses should be refurbished and the current occupants removed.

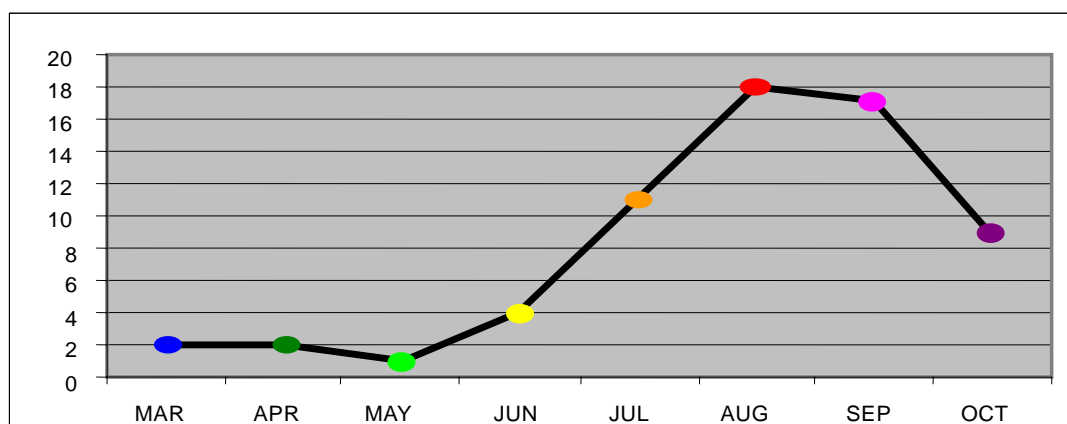
153. Dyncorp International is the contractor restructuring the army in cooperation with the United States Government, and it will start to conduct background checks of recruits to assess any past misconduct. To solicit information from the public on the recruits, Dyncorp stated that it would distribute fliers with pictures of the recruits, as well as radio and press releases. Training will then begin in groups of 300 persons. There is little chance that any new army could be operational before mid-2006

Gun-related incidents reported in Monrovia

154. Gun-related incidents in Monrovia (figure 3) have been decreasing since August 2005, owing in part to police patrols organized during the election campaign. Most of the guns used in robberies are assault rifles.

Figure 3

Gun-related incidents reported in Monrovia, March-October 2005



Weapons recovered in Liberia

155. There have been no major discoveries of weapons and ammunition in Liberia since the date of the previous report of the Panel. However, small but regular flows of weapons and ammunition are remitted to UNMIL outside the disarmament, demobilization, rehabilitation and reintegration process (see annex VI) or discovered when searches are made in Monrovia. Under the process, the majority of weapons remitted (more than 30,000; see figure 4) were assault rifles (over 20,000). The question of how many weapons escaped the disarmament and demobilization process and are being kept by ex-combatants for self-defence or have been kept in a more organized way under orders from the faction leaders or their officers remains unanswered.

156. Reports that in one case 70 per cent of known weapons were collected during the disarmament and demobilization process (based on serial numbers) remain valid. However, this relatively high return rate is tempered by the fact that the Panel's findings (see S/2003/498, paras. 69-71) were known before the disarmament and

demobilization process, and therefore it was known that those weapons were going to be tracked and eventually identified. Therefore, they may have been weapons of choice for surrender.

Figure 4

Details of weapons collected during the disarmament, demobilization, rehabilitation and reintegration process

<i>Type</i>	<i>Phase</i>		<i>Total</i>
	<i>I (December 2003-January 2004)</i>	<i>II, III and special (January-November 2004)</i>	
Heavy weapons	855	1 046	1 901
Light machine guns	234	296	530
Grenade launchers	13	11	24
Sniper rifles	10	9	19
Assault rifles	6 777	13 909	20 686
Rifles	11	246	257
Small machine guns	78	346	424

Source: UNMIL.

Travel ban

Impact

157. The Panel received complaints on the travel ban from some individuals who stated that they were unjustifiably placed on the list. The complaints invariably followed the same line: lack of guilt, lack of information on why they were put on the list and non-objective reports from the Panel. Some individuals expressed their intention to bring the matter to justice and to sue the United Nations and the Panel for having unjustifiably deprived them of their freedom.

158. The travel ban is creating numerous problems for those who want to travel abroad, and therefore is one of the most important and effective targeted sanctions at the disposal of the United Nations.

Violations

159. Travel information for listed individuals, provided by the Government of Lebanon, is provided in table 11.

Table 11
Travel information for listed individuals

<i>Name</i>	<i>Date of travel</i>	<i>Destination</i>	<i>Origin</i>	<i>Passport</i>
Samih Ossaily	13/02/2005	Jordan	Lebanon	Belgium
Mohamed Salame	14/06/2005	Côte d'Ivoire	Lebanon	Lebanese
Ali Kleilat	20/09/2005	Lebanon	France	Lebanese
Aziz Nassour	25/07/2005	Lebanon	Egypt	Côte d'Ivoire diplomatic

160. Other cases include the following:

(a) Talal El Din travelled from Lebanon to the United States on 17 August 2005 with an American passport, raising questions regarding possible stopovers in other countries. The Panel met Mr. El Din in Lebanon in September 2005. He indicated that he had gone to the United States to receive medical treatment;

(b) Gabriel Doe was seen in Abidjan in October 2005. He is allegedly working in San Pedro in a coffee and cacao business;

(c) In September, the Bureau of Immigration and Naturalization refused Simon Rosenblum permission to exit from Monrovia. Mr. Rosenblum said his intention was not to leave Liberia but to accompany his wife and children to the airport and to help them go through immigration checking. He acknowledged that he was in possession of a Liberian diplomatic passport, which had recently been renewed. He demanded an investigation into allegations of arms trafficking;

(d) There are allegations that Benjamin Yeaton is in Togo.

Liberian passport system: lack of control

161. Despite numerous requests, the Ministry of Foreign Affairs of Liberia and its staff have never provided a list of persons subject to the travel ban who have a diplomatic passport. Likewise, they have not provided any further identifying information on persons on the travel ban list, especially Liberians, whose identity information is incomplete. The Panel has received complaints in meetings with the Ministry about the United Nations and the sanctions committee having subjected Liberians to the travel ban without notification and without transparency in the process.

162. The Ministry did, however, provide documentation concerning the issuance of fake Liberian passports, allegedly made in Italy with a printing press formerly used to print genuine Liberian passports. Hundreds of passports with fraudulent serial numbers were apparently delivered to stateless Palestinians living in Kuwait. The Panel was informed by other sources that Liberian passports were also used by drug traffickers, especially in Nigeria, to cross borders.

163. The Panel recommends that the passport system be completely reviewed. A new identification system be established using secured documents, digital photos and fingerprints. Terms of reference should be established to recruit credible international companies to issue identification documents.

VII. Humanitarian and socio-economic impacts of United Nations sanctions on Liberia

Overview

164. Since the beginning of the disarmament and demobilization process and the deployment of UNMIL in October 2003, improvement of the security situation has been the single most important prerequisite for increased delivery of humanitarian assistance. UNMIL has deployed its authorized strength of 15,000 military personnel and has disarmed over 100,000 former combatants. However, the process of rehabilitation and reintegration for demobilized combatants is not progressing as fast as the disarmament and demobilization process, which leaves possibilities for relapses into violence by frustrated demobilized ex-combatants and other disadvantaged groups.

165. The priority of the humanitarian community during the past year has been threefold: (a) to continue to extend humanitarian assistance and improve social services in rural Liberia, especially in those areas that were previously inaccessible; (b) to support the return, reintegration and resettlement of internally displaced persons, refugees and ex-combatants, as well as the hosting communities; and (c) to continue to assist those internally displaced persons who live in camps and are not yet able to return home.

Socio-economic indicators

166. The overall economic state of Liberia continues to be in disarray. Unemployment remains at over 80 per cent, with a similar percentage of the population living on less than \$1 a day, while 52 per cent continue to live in extreme poverty, with no access to basic health, education and other social services. Many households are still displaced, with the result that their traditional ways of generating income have been disrupted. In addition, food security remains precarious in many areas, triggered by the continued disruption of agricultural systems and activities owing to such factors as the displacement of farming families and communities; limited access to available food stocks due to lack of income; limited nutritional absorption capacity due to disease, poor sanitation and poor water quality; deteriorating socio-economic conditions; and the breakdown of family and community coping mechanisms.

167. As a result of these factors, Liberia remains among the world's most insecure countries in terms of food. Yet agriculture remains the backbone of the Liberian economy, with 80 per cent of the pre-war population deriving their livelihood from subsistence farming and other agricultural activities. The challenges faced by the displaced populations and small-scale farmers include the loss of means of production and inadequate access to land. The situation is not further improved by the negligible expenses (0.3 per cent of the budget in 2004/05) incurred by the National Transitional Government of Liberia on agriculture.

168. The severe inadequacy of vital basic social services in the areas of health, nutrition, water and sanitation continues to be one of the most significant humanitarian challenges. It is estimated that fewer than 20 per cent of Liberians currently have access to proper health care, and HIV/AIDS is emerging as a major challenge that requires urgent attention. The current prevalence is roughly estimated at 10 to 13 per cent among adults, and is still rising. As no reliable data are

available, and taking into account the widespread gender-based violence that occurred during the war and that continues to persist, the prevalence could be much higher.

169. It is estimated that around 1.7 million people have received humanitarian assistance during the past two years. They include between 350,000 and 500,000 internally displaced persons; between 38,000 and 53,000 ex-combatants and their dependants; up to 20,000 children associated with the fighting forces; 11,000 Sierra Leonean refugees; 23,000 Ivorian refugees; 100,000 Liberian refugee returnees; 10,500 third-country nationals; over 750,000 schoolchildren; 5,000 survivors of sexual and gender-based violence; and tens of thousands of vulnerable families in host populations.

170. Despite those achievements, however, it is clear from various media analyses and reports that after nearly two years of implementing the results-focused transitional framework, there are a number of critical gaps. The many and varied opportunities created by increased international support, improved security and human development interventions have yet to fully translate into a corresponding increase in productive activities. The huge economic and social backlog of deprivation and decrepit community infrastructure remain to be cleared in order to obtain significant improvements in the quality of the lives and livelihoods of the vast majority of the population of Liberia.

171. At the same time, the obvious inability of the National Transitional Government of Liberia to enforce prudent and transparent mechanisms for managing public resources and keeping to the terms of good economic and political governance agreed with donors has contributed significantly to the non-attainment of some targets of the results-focused transitional framework. Subsequently, the much-needed support of donors for an interim poverty reduction strategy paper has been severely undermined. Also, it is noteworthy that the debilitating factors leading to gaps in implementation of the results-focused transitional framework are not only technical and financial, but also organizational. The inadequacy of skills available in key administrative and management areas — a direct result of the brain drain in Liberia over nearly two decades as well as insufficient and delayed releases of pledged funds and widespread problems of coordination and accountability among implementing agencies, have been particularly pronounced.

172. On the other hand, it must be understood that the results-focused transitional framework was designed as a transitional recovery and reconstruction package. As such, the framework has been more effective in addressing short-term stabilization priorities, notably the disarmament and demobilization aspect of the disarmament, demobilization, rehabilitation and reintegration process and the provision of basic social and humanitarian services. Attempts to address the medium- to long-term institutional and reconstruction issues, given the prevailing political and socio-economic atmosphere in Liberia, has stretched the results-focused transitional framework to its very limit as a development and resource mobilization strategy. A comprehensive post-transition development strategy is now required to build on the foundations laid by successful aspects of the results-focused transitional framework. In this regard the new Governance and Economic Management Assistance Programme is seen as a crucial tool for creating the enabling conditions necessary for any post-transition strategy to work, given the ongoing efforts by the international community to build durable peace in Liberia and the subregion.

Findings of the socio-economic and humanitarian impact assessments

173. The Panel undertook detailed assessments in timber-producing areas and nearby economic centres to determine, among other things, the socio-economic impacts of the sanctions, the level of economic activity, security and civil administration, the extent of humanitarian relief available, the status of rehabilitation of community infrastructures, the status of the ongoing repatriation and resettlement of returnees and internally displaced people and the extent and scope of skills training and income-generating programme targeting, in particular, ex-combatants and returnee communities with a significant number of former employees of the logging industry. The assessments were carried out in 12 of the 15 counties in Liberia, namely, Grand Bassa, Grand Cape Mount, Grand Gedeh, Grand Kru, Lofa, Margibi, Maryland, Montserrado, Nimba, Rivercess, River Gee and Sinoe Counties (see annex VII).

174. The findings of the Panel's most recent socio-economic assessments are consistent with the socio-economic and humanitarian profiles of the counties, as presented in the UNMIL database.

175. The Panel, during its previous mandates (Security Council resolutions 1478 (2003), 1521 (2003) and 1579 (2004)), conducted similar detailed assessments and reported how the logging and mining industries, apart from maintaining roads and bridges leading to their operational areas, had not made meaningful contributions to social services for the people of Liberia. The most recent assessments have further underscored the reality that the Government and people of Liberia depended and continue to depend almost entirely on the international humanitarian and development aid agencies for the provision of the most basic services in health and education, as well as for the maintenance of public infrastructure.

176. The United Nations agencies and their NGO partners remain the main providers of regular employment in the counties. Although there is widespread pit-sawing and artisanal diamond and gold mining in many of the counties assessed, most of this activity is either illegal or unregulated. Therefore, the real benefits of such activities to the local communities and Government are negligible and limited to temporary employment for the miners and pit-saw operators, as well as some small fees paid to FDA in the case of a number of pit-sawing operations. So far it is clear that none of the revenue generated by FDA has been put back into the communities. At best, they have gone towards the administrative and management costs of FDA.

177. In the absence of the key employment- and revenue-generating industries, the Panel, recognizing the correlation between the availability of social services in the counties and the successful resettlement and reintegration of vulnerable groups, remains concerned about the comparatively low level of progress observed in the implementation of the rehabilitation reintegration elements of the disarmament, demobilization, rehabilitation and reintegration process in certain parts of Liberia. In particular, the Panel wishes to highlight the potential impact of this gap on future efforts by the newly elected Government and the international community to build durable peace and establish the rule of law in Liberia.

178. The Panel wishes to emphasize that while significant effort and resources are being expended by various United Nations agencies and NGOs on infrastructural rehabilitation, a significant proportion of public infrastructure (administrative

buildings, city and town halls, schools, hospitals, clinics, bridges and feeder/farm-to-market road networks) in some of the counties remains in disrepair or is barely functional. In particular, the condition of most of Liberia's rural road networks continues to be a major impediment to humanitarian efforts while severely undermining economic and commercial activities in the counties.

179. Many rural communities remain inaccessible by road for most of the year. The roads continually impede humanitarian access to populations in need and are a hindrance to internally displaced person and refugee returns, the delivery of essential services and the re-establishment of livelihoods and markets. According to humanitarian agencies on the ground, local capacity to deliver basic services, particularly to remote areas, is severely limited, despite the fact that a majority of the population remains entirely dependent on internationally provided services.

Conclusions

180. Following extensive consultations with Liberian civil society, humanitarian aid agencies, members of the diplomatic corps, bilateral and multilateral donors, private entrepreneurs and other stakeholders in Liberia, the Panel has reached the conclusions set out below.

181. Strengthening accountability and transparency is a major and immediate challenge to the new Government of Liberia. The prevalence of corruption and fiscal mismanagement has undermined the confidence of the National Transitional Government of Liberia and is perceived by many as being largely responsible for the delays in releasing pledged funds for implementation of some critical elements of the results-focused transitional framework.

182. GEMAP is perceived as an initiative borne out of frustration by the donor community. It is perceived not as a solution per se, but rather as a measure to prevent a slide back to the very conditions that contributed in large measure to the many complex political problems and socio-economic hardships that Liberians are now grappling with. A successful implementation of GEMAP is expected to increase the flow of revenue to facilitate the reconstruction and economic recovery of Liberia.

183. The people of Liberia, given their experiences in the last two decades, are eager to see a return on their investment in the democratic process. While the vast majority understand and agree with the rationale for the current sanctions regime, they believe that the new Government will inspire the international community to take the necessary steps towards the lifting of economic sanctions in the very near future. This, they believe, will significantly enhance the country's security status and boost the confidence of a variety of donors and foreign investors, encouraging them to return to Liberia in earnest.

184. Although the Panel cannot at this point predict the performance of the new Government, especially regarding implementation of GEMAP, it is clear that there is growing enthusiasm among various key donors to step up their involvement with Liberia. For example, the World Bank Country Director for Liberia and Ghana, Matts Karlsson, has reportedly said that the elections have opened the door to possible large-scale development in a country that has suffered decades of isolation and conflict. He further expressed his keenness to work with the new Government to address economic problems, such as the 80 per cent unemployment rate.

Recommendations

185. The Panel recommends the following:

- The newly elected Government of Liberia must make every effort to cooperate proactively with the international community in implementing GEMAP as a prerequisite to restoring the confidence of the Liberian public, donors and the international community at large. The Government must further endeavour to demonstrate its commitment to transparency and accountability by taking prompt and decisive action against public officials found to be engaged in corrupt practices.
- Donors to Liberia, taking note of the desperate state of the country's economy, must urgently prioritize the allocation of adequate resources to speed up infrastructural rehabilitation, as well as rehabilitation reintegration programmes, as critical aspects of the peace process. Such a programme should prioritize the creation of enabling conditions in the rural areas to attract small, medium and large investments for employment creation, and thus the speedy return of social and economic life to rural Liberia. Of particular urgency in this regard is the rehabilitation of roads and bridges.
- The Government, its donors and their implementing agencies, taking full cognizance of the critical role of the extractive industries and agricultural sectors in rebuilding the economy of Liberia, must factor in their allocations of financial and technical assistance the costs of mitigating the many emerging and potential negative environmental impact of ongoing and future exploitation of these natural resources.

Notes

All monetary amounts are in United States dollars unless otherwise indicated.

¹ See www.dellbr.zenwebhosting.com.

² See www.fao.org/forestry/site/lfi (under "Achievements").

³ Excluding a short-term loan of \$3 million from central bank of Liberia in July/August 2004.

Annex I

Meetings and consultations

Belgium

European Commission, West Africa Division

European Union Permanent Representatives: France; Sweden; United Kingdom

Antwerp Diamond High Council

World Diamond Council

Denmark

Ministry of Foreign Affairs/DANIDA

United Nations Development Programme — Denmark

France

Ministry of Foreign Affairs

Guinea

État-Major Defense

Ireland

Department of Foreign Affairs

Liberia

Government

President-Elect

Chairman

Vice-Chairman

Ministry of Agriculture

Ministry of Finance

Ministry of Commerce and Industry

Ministry of Foreign Affairs

Ministry of Defence

Ministry of Lands, Mines and Energy

Ministry of Post and Telecommunications

National Port Authority

Central Bank of Liberia

Bureau of Maritime Affairs

National Investment Commission

Forestry Development Authority
Liberia Petroleum Refinery Corporation
Budget Bureau
Auditor-General
Chairperson, Governance Reforms Commission
Chairperson, Contract and Monopolies Commission
Liberia Telecommunication Corporation
Environmental Protection Agency

Diplomatic

Ghana
Guinea (Consular)
France (Humanitarian Attaché, Consular Attaché)
Nigeria
United Kingdom
United States

Bilateral and multilateral agencies

United Nations Development Programme
United Nations Environment Programme
United Nations Mission in Liberia
European Commission
International Crisis Group
Danish Refugee Council
Peace Winds Japan
Liberia Forest Initiative
Conservation International
Fauna and Flora International
Sustainable Development Institute
Green Advocates

Private sector

Ana Woods
Bivac International
Liberian Timber Association

Mali

Ministry of Mines

State Security

Ministry of Interior

Customs Service

Norway

Ministry of Foreign Affairs

Norwegian Agency for Development

FAFO — Institute for Applied International Studies

Bilateral and multilateral agencies

United Nations Development Programme

World Food Programme

Office of the United Nations High Commissioner for Refugees

International Committee of the Red Cross

Diplomatic

Ukraine

Russian Federation

Kimberley Process plenary meeting

Sierra Leone

Government

Protocol

National Security Commission

Police

Army

Customs Service

Multilateral and bilateral agencies

Special Court of Sierra Leone

United Nations Mission in Sierra Leone

Private-sector sources

United Kingdom of Great Britain and Northern Ireland

Royal Institute of International Affairs

Global Witness

Bank of England

International Organizations Department

Foreign and Commonwealth Office

Department for International Development

United States of America

Government

Forest Service

State Department

Treasury

Government Accountability Office

Bilateral and multilateral agencies

Conservation International

Human Rights Watch

International Crisis Group

United Nations

Department of Political Affairs

Interpol Liaison Office

Permanent missions

France

Nigeria

Annex II

Forestry Development Authority reform process for increased transparency and accountability in the commercial forest sector (proposal)

Revise national forestry policy and implementation strategy

Reform commercial sector forest management procedures

Manuals of procedures:

- A. Manual of forest land management decision-making procedures and criteria
- B. Manual of concession allocation procedures
- C. Manual of contract implementation
- D. Manual of environmental impact assessment standards and procedures
- E. Manual of forest management plan procedures and standards
 - 1. Forest management plan procedures and standards
 - 2. Manual of five-year harvesting plan procedures and standards
 - 3. Annual coup mapping procedures and standards
- F. Code of practices for timber harvesting
- G. Manual of chain-of-custody management standards and procedures
- H. Manual of scaling and grading standards and procedures

Legal reform requirements

- A. Amendments to the Forest Law of 2000
- B. Regulations on:
 - 1. Forest land-use management
 - 2. Concession allocation
 - 3. Environmental impact assessment
 - 4. Taxation and fees
 - 5. Chain-of-custody management
 - 6. Model forest management contract
 - 7. Model timber sales contract
 - 8. Model social contract

Annex III

Acting Chairman's direction for payment of petty cash to the National Transition Legislative Assembly



**REPUBLIC OF LIBERIA
NATIONAL TRANSITIONAL GOVERNMENT OF LIBERIA**

EXECUTIVE MANSION
CAPITOL HILL
MONROVIA, LIBERIA

OFFICE OF THE VICE CHAIRMAN

CMCO Junction

Ref. No.: 228/WM/VCNTGL/08-25/05

August 25, 2005

Hon. Tugbeh N. Doe
Acting Minister
Ministry of Finance
Monrovia, Liberia

Dear Mr. Minister:

I have received the CMC listing of August 22-26, 2005 and directing that you ensure that the below listed payments are settled before the end of today.

1.	Fuel for the Mansion	US\$72,000.00
2.	Fuel for the NTLA	51,000.00
3.	NTGLA Petty Cash	76,000.00
4.	Vice Chairman Office Operation/Allowances	40,000.00
5.	GEMAP Secretariat	40,000.00
6.	Ministry of Defense Operations	20,000.00
7.	Chairman's Travel- USA	24,000.00

Total

US\$323,000.00 327,500. -

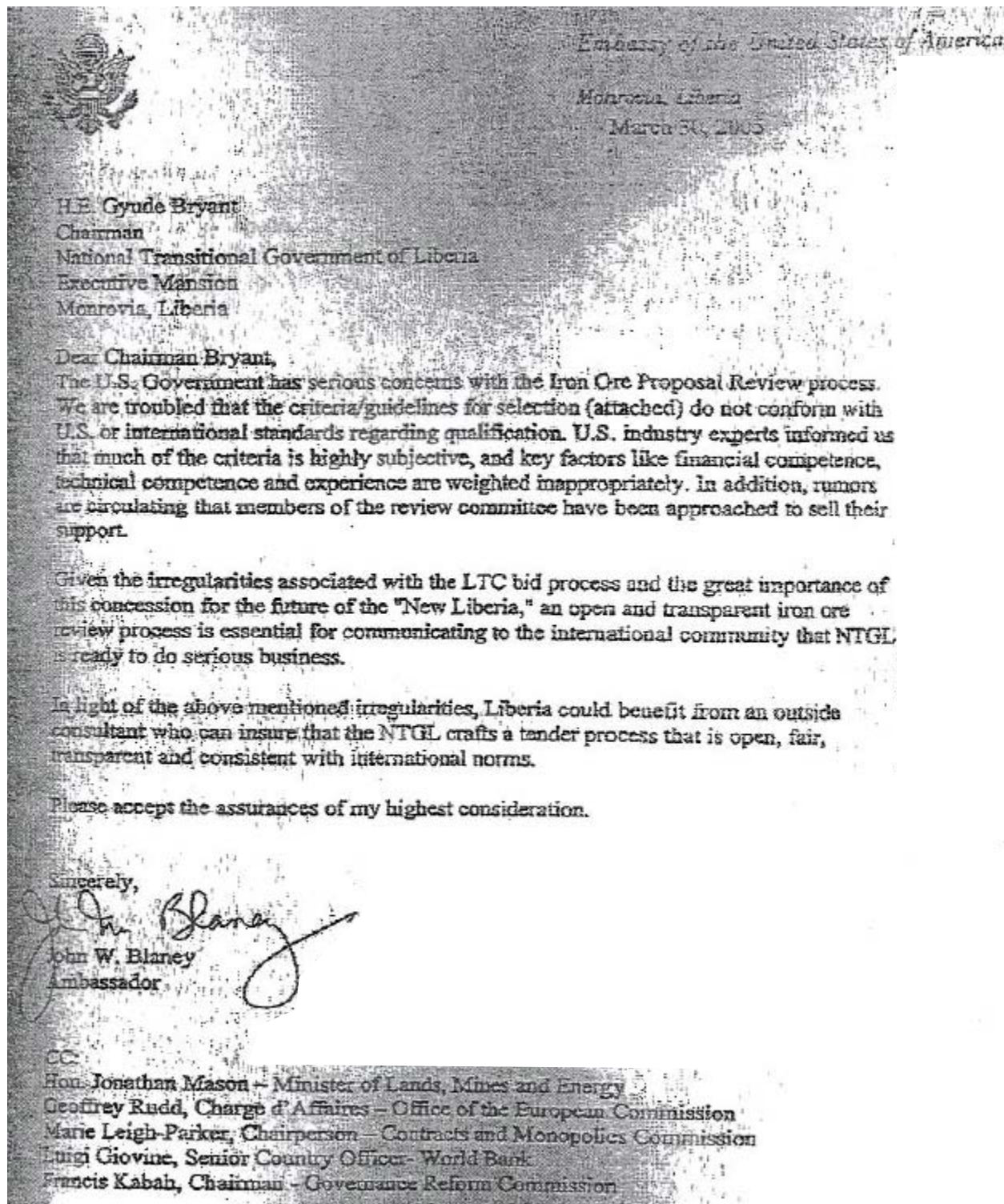
Kindly allow this matter to receive your most urgent attention.

Kind regards,

Wesley M. Johnson
Wesley M. Johnson
ACTING CHAIRMAN

Annex IV

Letter from the United States Ambassador to the National Transitional Government of Liberia



Annex V

Supreme Court judgement on assets freeze

JUDICIAL BRANCH
SUPREME COURT OF LIBERIA



IN THE HONOURABLE SUPREME COURT OF THE REPUBLIC OF LIBERIA
 MARCH TERM, A. D. 2005

HIS HONOUR HENRY REED COOPER.....CHIEF JUSTICE
 HIS HONOUR FRANCIS S. KORKPOR, SR.....ASSOCIATE JUSTICE
 HIS HONOUR JOHN L. GREAVES.....ASSOCIATE JUSTICE
 HIS HONOUR ISHMAEL P. CAMPBELL.....ASSOCIATE JUSTICE
 HER HONOUR FELICIA V. COLEMAN.....ASSOCIATE JUSTICE

Messrs. Benoni Urey, Former Commissioner of)
 Maritime Affairs, R.L, Emmanuel Shaw, Former)
 Minister of Finance, and all other Former)
 Government Officials of the Republic of Liberia,)
 situated in like situation, as Petitioners Benoni)
 Urey and Emmanuel Shaw, all of the City of)
 Monrovia, Liberia.....PETITIONERS) PETITION
) FOR A WRIT OF
) PROHIBITION

VERSUS)

The National Transitional Government of Liberia)
 (NTGL), represented thru the Ministry of)
 Justice, by the Ministry of Justice, R.L. and the)
 Honourable Solicitor General of Liberia,)
 Counsellor T.C. Gould, and all other Officials)
RESPONDENT)

JUDGEMENT WITHOUT OPINION

HEARD: MAY 16, 2005

DECIDED: September 16, 2005

When this Case was called for hearing, Counsellors R. Leroy Urey, Flaawgaa R. McFarland, Cyril Jones, Frederick Cherue and M. Wilkins Wright appeared for Petitioners, while Counsellors Kabineh Ja'neh and Theophilus C. Gould, the Minister of Justice and Solicitor General respectively, appeared for Respondent.

**JUDICIAL BRANCH
SUPREME COURT OF LIBERIA**



-2-

The Parties to the Matter were given forty (40) minutes each to argue. Following arguments, the Respondent's Counsel made a submission conceding that they had proceeded to enforce certain Resolution of the Security Council of the United Nations not in keeping with the due process of law and procedure laid down in our jurisdiction.

Petitioners' Counsel responding to the submission made by Respondents' Counsel, interposed no objection to the submission, but prayed this Court to enter a Judgment Without Opinion granting the Petition for Writ of Prohibition filed by the Petitioners and directing the Respondent to proceed in accordance with the laws of the Republic of Liberia.

This Court having listened to the argument and submission of Respondents and the Response from the Petitioners in this matter, it is hereby

ADJUDGED:


That the submission made is hereby granted. The Alternative Writ of Prohibition is hereby sustained and the Peremptory Writ of Prohibition is hereby granted. The Respondent is Prohibited from pursuing this matter by the procedure adopted by it prior to the bringing of these proceedings before this Court. The Respondent is however at liberty to proceed with whatever action it wishes to pursue, but in keeping with the due process of law as enshrined in our Constitution and Statutory laws of this Country. The Clerk of this Court is hereby ordered to have the Parties informed accordingly. COSTS Disallowed. AND IT IS HEREBY SO ORDERED.

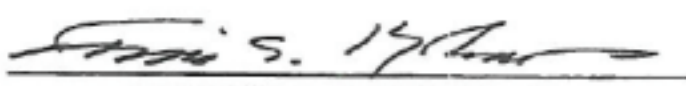
JUDICIAL BRANCH
SUPREME COURT OF LIBERIA

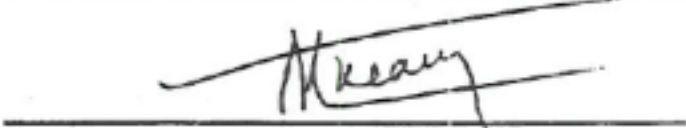


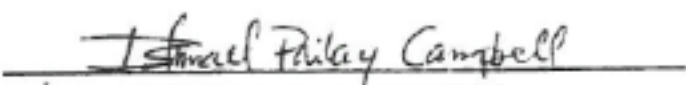
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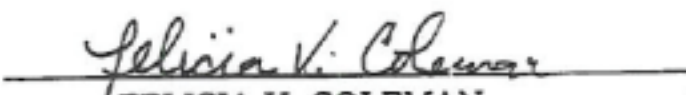
GIVEN UNDER OUR HANDS AND SEAL
OF THIS HONOURABLE SUPREME
COURT OF LIBERIA THIS 16th DAY
OF Sept. A. D. 2005


~~HENRY REED COOPER~~
CHIEF JUSTICE/SUPREME COURT OF LIBERIA


FRANCIS S. KORKPOR, SR.
ASSOCIATE JUSTICE/SUPREME COURT OF LIBERIA


JOHN L. GREAVES
ASSOCIATE JUSTICE/SUPREME COURT OF LIBERIA


ISHMAEL P. CAMPBELL
ASSOCIATE JUSTICE/SUPREME COURT OF LIBERIA


FELICIA V. COLEMAN
ASSOCIATE JUSTICE/SUPREME COURT OF LIBERIA

Annex VI**Weapons discovered and destroyed outside the
disarmament process**

Type of weapon	Total
Heavy weapons	33
Light machine guns	11
Grenade launchers	—
Sniper rifles	—
Assault rifles	303
Rifles	6
Small machine guns	11

Annex VII

Administrative and socio-economic profiles of counties in Liberia

All data from UNMIL civil affairs database (update 29 September 2005)



Profiles of 12 Counties Assessed out of 15 in Liberia:

No data on Bomi, Bong and Gbarpolu Counties

1. Grand Bassa County
2. Grand Cape Mount
3. Grand Gedeh County
4. Grand Kru County
5. Lofa County
6. Margibi County
7. Maryland County
8. Montserrado County
9. River Gee County
10. Rivercess County
11. Sinoe County
12. Tappita Statutory District, Nimba County

<p>1. Grand Bassa County</p> <p>Population 244,905 *based on UNMIL, GIS</p> <p>Ethnic groups Bassa (predominant), Kpelle, Mende, Kissi, Grebo and Kru.</p> <p>IDP/returnees 11,942 IDPs * last verification exercise, date?</p> <p>Mainly from Sinoe, River Cess and Mary Land and few from Grand Bassa. A good number of them are housed in the community in Buchanan city.</p> <p>Education 273 schools of which 206 schools fully functional</p> <p>Watsan Total water pumps in the county: 356</p> <p>No INGO is involved in Watsan for the moment. However, Solidarité, Action Contre le Faim and Concern Worldwide completed rehabilitation and construction of over 100 water pumps.</p>	<p>Health 31 (3 hospitals and 28 health centers): 21 Public health facilities 6 Church owned 4 private owned health centers. NGO-assisted: 13 (Merlin, MSF and ICRC).</p> <p><i>Common Diseases</i> Malaria (morbidity rate of 56%) Diarrhea (40%) Acute Respiratory Infections (21%) Skin diseases (11%) Worms (10%) *Data collected from October 2003 to May 2004 by Merlin</p> <p>Infrastructure The road Monrovia -Buchanan is tarred. Secondary roads are not tarred and are in bad shape. 14 secondary roads have been identified by INGO as being in dire need of repair. No electricity. Sea port in Buchanan Mobile phone coverage in Buchanan.</p> <p>Concessions/factories <i>Before the war:</i> Liberian Mining Company (LIMINCO), Liberian Agriculture Company (LAC), Oriental Timber Company (OTC), LIBNIC (Palm Bay) and the flour mill. <i>After the war:</i> Currently only LAC has resumed activities.</p>
<p>2. Grand Cape Mount County</p> <p>Population 101,675 *based on UNMIL, GIS</p> <p>Ethnic groups Via, Mende, Gola, Mandingo and Kpelle</p> <p>IDP/returnees 15,168 IDPs 2,991 returnees 966 spontaneous return of IDPs *UNHCR/NRC Profile Supervisor</p> <p>Operating organizations <i>INGO:</i> CCF, NRC, WVL, GTZ, ADEN <i>NGO:</i> Action Aid Liberia, LIURD <i>UN Agencies:</i> UNMIL, UNICEF, WFP, UNHCR</p> <p>Education 98 schools operating with UNICEF providing instructional materials</p>	<p>Watsan Need of urgent support.</p> <p>Health 12 community clinics are NGO/assisted (WVL, OXFAM, African Humanitarian Action AHA) 1 mobile hospital run by The North West Medical Team</p> <p><i>Common Diseases</i> Malaria Diarrhea Acute Respiratory Infections</p> <p>Infrastructure The county Infrastructure remains badly damaged. Areas affected are: Hotel, public buildings such as administrative buildings, city and town halls, schools, hospitals and markets.</p> <p>Deplorable roads and bridges throughout the county especially the Robertsport - Medina highway.</p> <p>Economic Activities: The Rubber plantation is a major employer. Subsistence cultivation of rice and cassava.</p>

<p>3. Grand Gedeh County</p> <p>Population Ca. 150,000 *UNMIL Civil Affairs, 2004</p> <p>Ethnic groups Krahn and Grebo</p> <p>IDP/returnees 3,094 IDPs 3,011 returnees *LRRRC/UNHCR, January 2005 4,619 ex-combatants *DDRR JIU, 13 October 2004</p> <p>Operating organizations NGO: Merlin, MSF Belgium, ADRA, Save the Children UK, ICRC, URFA, Première Urgence UN Agencies: UNMIL, UNHCR and WFP</p> <p>Education 112 schools (most of them have re-opened) Need of rehabilitation, capacity building of teachers and basic equipment.</p>	<p>Watsan Need of urgent support.</p> <p>Health 9 functional clinics Zwedru 1 hospital Zwedru 7 non-functional clinics * ICRC Report, August 2004</p> <p><i>Common Diseases</i> Malaria (morbidity rate of 36.6%) Diarrhea (47.2%) Acute respiratory infections (14.9%) * 2001, MoH Report</p> <p>Infrastructure The roads are in very bad condition No telephone coverage.</p> <p>Economic Activities: Based mainly on forest, agriculture and rural activities Trade between Grand Gedeh and the Ivory Coast No factories exist and none have ever existed in this county</p>
<p>4. Grand Kru County</p> <p>Population 70,994 *Danish Refugee Council, May 2004</p> <p>Ethnic groups Kru and Bassa</p> <p>IDP/returnees 155 IDPs 1,945 returnees *OCHA/UNHCR May 2004 124 ex-combatants *DDRR JIU 13 October 2004</p> <p>Operating organizations NGO: HUmedica, ICRC, URFA, DRC, CRS, Solidarites UN Agencies: UNMIL, UNHCR</p> <p>Education 89 public schools of which 32 have been destroyed 15 private schools. Need of rehabilitation, capacity building of teachers and basic equipment. 46% of children are not enrolled in schools.</p> <p>Watsan Need of urgent support.</p>	<p>Health 3 of 27 clinics and health centers are operating * ICRC Report August 2004 1 hospital in Barclayville *DRC, May 2004</p> <p><i>Common Diseases</i> Malaria Diarrhea Acute respiratory infections Outbreaks of cholera</p> <p>Infrastructure Most of the county is not accessible by road: only the area from the east by road from Bibio, Maryland to Big Suehn and then down to Grand Cess or towards Barclayville, which has to be accessed by canoe. Road from north, River Gee County, is cut off after Dwekehen. Sasstown is accessible by boat, but no road access northwards from there.</p> <p>Economic Activities: Based mainly on farming (82.5% - rice and cassava cultivation) and fishing activities in the coastal regions. The county has been isolated for more than 10 years.</p>

<p>5. Lofa County</p> <p>Population 99,241 *ICRC October 2004</p> <p>Ethnic groups Lorma, Mandingo, Kpella, Gbandi, Kissi and Mende</p> <p>IDP/returnees 9,976 returnees 27,784 IDPs have returned to the county *UNHCR</p> <p>Operating organizations NGO: Peace Winds Japan, GTZ, IRC, ICRC, IMC, LWF, LCIP UN Agencies: UNMIL, UNHCR, WFP</p> <p>Education 13 primary schools 214 teachers 5,724 students.</p> <p>Watsan 279 hand pumps and 410 latrines</p>	<p>Health 14 clinics 1 doctor and 20 nurses</p> <p><i>Common Diseases</i> Malaria Diarrhea Acute respiratory infections</p> <p>Infrastructure Public Buildings, such as administrative buildings, city and town halls, schools, hospitals, clinics, bridges and feeder/farm to market roads network.</p> <p>International NGOs are providing construction kits to more than 2,000 families.</p> <p>Economic Activities: Small scale commercial trading activities are rapidly growing along side increase farming activities.</p> <p>Some INGOs are currently distributing seeds to farmers.</p>
<p>6. Margibi County</p> <p>Population Ca. 224,418</p> <p>Ethnic groups Mainly Bassa and Kpelle</p> <p>IDP/returnees</p> <p>Operating organizations NGO: Mercy Corps, ZOA, ACI, Save the Children UK UN Agencies: None currently</p> <p>Education 21 secondary schools 17 elementary schools BWI Vocational Institution 1 teachers' college</p> <p>Watsan No functioning water system with the exception of few hand pumps</p>	<p>Health 3 clinics 1 referral hospital in Kakata (currently not functioning)</p> <p>Infrastructure Some districts are not easily accessible by road, most public buildings are destroyed.</p> <p>Economic Activities: The major activities are farming, trading, rubber tapping, teaching and diamond mining.</p> <p>The county is the rubber belt in Liberia with: Firestone Rubber Plantation, Salala Rubber Corporation, and Weala Rubber Corporation.</p> <p>3 functional banks: Central Bank in Kakata, Liberia Bank for Development and Investment at Harbel and Ecobank in Charlesville, (at the airport.)</p>

<p>7. Maryland County</p> <p>Population Ca. 107,084 *Danish Refugee Council, May 2004</p> <p>Ethnic groups Krahn and Grebo</p> <p>IDP/returnees 750 IDPs 42,853 returnees *OCHA/UNHCR May 2004 433 ex-combatants *DDRR JIU 13 October 2004</p> <p>Operating organizations NGO: DRC, ADRA, Humedica, URFA, Merlin, ICRC, OCHA/ERF, Solidarites UN Agencies: UNMIL/HCRRR, UNHCR and WFP</p> <p>Education 106 public schools of which 37 have been destroyed 43 private schools Need of rehabilitation, capacity building of teachers and basic equipment. 21% of children are not enrolled.</p> <p>Watsan Hand pumps seriously damaged. Some communities also use water from rivers and streams. The sanitation situation remains extremely critical with several outbreaks of cholera.</p>	<p>Health 13 of 20 clinics and health centers are functional *DRC Report, May 2004 1 hospital in Harper and is currently functioning at its lowest capacity.</p> <p><i>Common diseases:</i> Malaria Diarrhea Acute respiratory infections Outbreaks of cholera</p> <p>Infrastructure Harper is the main port and is the outlet for shipping locally produced rubber.</p> <p>Economic Activities: Based mainly on farming (mostly rice and cassava) and some fishing activities in the coastal regions. Around 10% of the population is employed in trading activities. Huge economic potential once the embargo on timber is lifted and for the exploitation of rubber.</p> <p>Although the Senegalese contingent has already been deployed, the security situation remains a major constraint. Hostilities in the neighboring areas of the Ivory Coast limit trade between Maryland and the Ivory Coast</p>
<p>8. Montserrado County</p> <p>Population 1,646,421. Over one million are in Monrovia and its environs. Displaced people and ex-combatants account for over 70% of the growth of population of the city, which used to be about 300,000.</p> <p>Ethnic groups Originally Deygbo, Kpelle and Gola. In 1821 the freed slaves from America settled in the County. Today it is considered highly diverse and representative of all tribes, unlike all other counties. The main languages are Kpelle, particularly in Careysburg and the northern part of the County, Gola and Dey in St. Paul River District.</p> <p>IDP/returness</p> <p>Operating organizations Monrovia is the Headquarters of UNMIL, UN agencies and NGOs.</p> <p>Education 1 university 4 colleges 739 Schools (Greater Monrovia), 396 Schools (St. Paul River), 57 Schools (Todee) and 31 Schools (Careysburg)</p>	<p>Watsan Hand pumps seriously damaged. Some communities also use water from rivers and streams. The sanitation situation remains extremely critical with several outbreaks of cholera.</p> <p>Health 2 of 5 hospitals functioning 15 Health Centers and Clinics, 4 of which are in IDP camps.</p> <p>Infrastructure There is no pipe water system, even in Monrovia. The main source is hand pumps and wells. No proper sanitation system exists..</p> <p>Economic Activities: Industrial and commercial activities are concentrated in Greater Monrovia; rubber farming and tapping, subsistence farming and diamond mining in Rural Montserrado.</p>

<p>9. River Gee County</p> <p>Population Ca. 74,783 *Danish Refugee Council, May 2004</p> <p>Ethnic groups Mainly Grebo.</p> <p>IDP/returnees 280 IDPs 1,190 returnees *OCHA/UNHCR May 2004 119 ex-combatants *DDRR JIU 13 October 2004</p> <p>Operating organizations NGO: DRC, ICRC, HIM, URFA, Solidarites UN Agencies: UNMIL/Civil Affairs</p> <p>Education 89 public schools of which 37 have been destroyed 11 private schools Need of rehabilitation, capacity building of teachers and basic equipment. 36% of children are not enrolled.</p> <p>Watsan Around two-thirds of the hand pumps and open wells having suffered damage. Some communities use water from rivers and streams.</p>	<p>Health 13 of 20 clinics and health centers are functional *DRC Report, May 2004 1 hospital in Harper and is currently functioning at its lowest capacity.</p> <p><i>Common diseases:</i> Malaria Diarrhea Acute respiratory infections Outbreaks of cholera</p> <p>Infrastructure All districts are accessible by road except for Tienpo. Basic service infrastructures are in very bad condition</p> <p>Economic Activities: Based mainly on farming activities with 92% of the population concerned. Rice used to be the main cultivation (60%) but since the crisis many farmers are now producing cassava. Rubber and timber exploitation are seen as the economical potential for the county.</p>
<p>10. Rivercess County</p> <p>Population Ca. 63,710 *UNMIL Civil Affairs, 2004</p> <p>Ethnic groups Mainly Bassa; Kru, Mandingo, Kissi, Gio and Krahn..</p> <p>IDP/returnees IDPs: n/a returnees n/a 422 ex-combatants *DDRR JIU, 13 October 2004</p> <p>Operating organizations NGO: MSF/Holland, ICRC, 9 local NGOs UN Agencies: UNMIL/Civil Affairs, UNHCR, HCRRR, WFP</p> <p>Education 84 public schools 40 private schools. Need of rehabilitation, capacity building of teachers and basic equipment. 6,093 children enrolled in public schools and 2,111 in private ones.</p> <p>Watsan Almost all of the hand pumps and open wells have suffered damage. Some communities also use water from rivers and streams. ACF and ICRC rehabilitated and constructed about 60 water pumps and 21 toilets.</p>	<p>Health 16 clinics 1 health centre (Timbo)</p> <p>All health facilities need to be rehabilitated and equipped to meet minimum required standards in order to provide health care. MSF-Holland is supporting the Cestos hospital and has intention to open 3 mobile clinic in Morweh district</p> <p><i>Common diseases:</i> Malaria Diarrhea Acute respiratory infections Skin infections Morbidity includes leprosy</p> <p>Infrastructure Cestos Road repaired by the UNMIL Chinese Battalion. All other roads are in need of repair.</p> <p>Economic Activities: Most of population is engaged in subsistence farming; rice and cassava and fishing activity in the coastal areas. Rubber, timber, coffee and cocoa exploitation are seen as the economical potential for the county.</p> <p>Liberian Agriculture Company (LAC) rubber factory buys rubber from Rivercess.</p>

<p>11. Sinoe County</p> <p>Population Ca. 111,000 *Sinoe Relief Committee , 2004</p> <p>Ethnic groups Sarpo, Kru and Jeadebo</p> <p>IDP/returnees 1,467 IDPs 2,025 returnees *OCHA/UNHCR May 2004 976 ex-combatants *DDRR JIU 13 October 2004</p> <p>Operating organizations NGO: Merlin, ICRC, CRS, HAS, EU, OXFAM, Liberian National Redcross, The Memorial Baptist Children Village UN Agencies: UNMIL/Civil Affairs, UNHCR, HCRRR, WFP</p> <p>Education 1 junior high school and 5 elementary schools are operational of 137 elementary and junior high schools and 6 in Greenville.</p> <p>Watsan All hand pumps have suffered damage. Rehabilitation of 12 water wells and hand pumps has been planned in Greenville.</p>	<p>Health 4 of 33 clinics and health centers including the F.J. Grant Memorial County Hospital, are currently functional. A fifth one should soon be ready to recommence operations. * ICRC Report, August 2004</p> <p><i>Common diseases:</i> Malaria (morbidity rate of 33.8%) Diarrhea (8.5%) Acute Respiratory Infections (12.8%) *2001 MoH Report Whooping cough</p> <p>Infrastructure Poor road conditions on the Main communications arteries are the Greenville-Buchanan-Monrovia Road and the Greenville-Zwedru-Ganta-Monrovia Road. Damage to the Port of Greenville, the timber factories and other economically important county infrastructure has been quite extensive.</p> <p>Economic Activities: Based mainly on mineral and natural resource exploitation (rubber extraction, gold mining, timber operations and palm oil exportation).</p> <p>Subsistence farming forms the main activity for the rest of the population.</p>
<p>12. Tappita Statutory District, Nimba County</p> <p>Population Ca. 85,000 *UNMIL Civil Affairs, 2004</p> <p>Ethnic groups Gio, Mano, Krahn</p> <p>IDP/returnees IDPs: n/a returnees n/a 2,572 ex-combatants *DDRR JIU, 13 October 2004</p> <p>Operating organizations NGO: ADRA, Equip Liberia, MSF. Local NGOs Search and CUSD. UN Agencies: UNMIL CIVPOL, MILOBS, Electoral Observers and Ethiopian Battalion, UNHCR</p> <p>Education All the schools in Tappita are functioning. Some school buildings that were damaged have been renovated by ADRA, UNHCR and LUSH.</p> <p>Watsan A number of hand pumps have suffered damage.</p>	<p>Health 4 of 10 clinics and health centers are currently functional. 2 private clinics and 2 government-owned NGO-assisted.</p> <p>Tappita Hospital, was the second largest referral hospital in Liberia was badly destroyed. Two of the Administrative Districts (Kparblee and Gbi-Doru) have no clinics at all but MSF and Equip Liberia carry out weekly mobile clinics.</p> <p><i>Common diseases:</i> Malaria Diarrhea Acute respiratory infections Skin infections Morbidity includes leprosy</p> <p>Infrastructure All roads and bridges are in need of repair with many villages remaining inaccessible.</p> <p>Economic Activities: Most of the population is engaged in subsistence farming (rice, cassava, plantains and other food crops). There are no factories or any form of industry.</p>