United Nations S/2007/340

Security Council

Distr.: General
7 June 2007

Original: English

Letter dated 7 June 2007 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 4 (d) of resolution 1731 (2006), 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 the report of the Panel, were brought to the attention of the members of the Security Council and issued as a document of the Council.

(*Signed*) Nassir Abdulaziz **Al-Nasser**
Chairman
Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia

07-35855 (E) 120607

Letter dated 24 May 2007 from the Panel of Experts on Liberia addressed to the Chairman of the Security Council Committee established pursuant to resolution 1521 (2003)

The members of the Panel of Experts on Liberia have the honour to enclose the report of the Panel, submitted in accordance with paragraph 4 (d) of Security Council resolution 1731 (2006).

(*Signed*) Arthur **Blundell**

(*Signed*) Damien **Callamand**

(*Signed*) Caspar **Fithen**

(*Signed*) Tommy **Garnett**

(*Signed*) Rajiva Bhushan **Sinha**

Report of the Panel of Experts submitted pursuant to paragraph 4 (d) of Security Council resolution 1731 (2006) concerning Liberia

Summary

Timber

Since the lifting of sanctions and the promulgation of the reformed forest law, in June and October 2006, respectively, the Forestry Development Authority (FDA) has been preparing the regulatory framework and land-use planning for a resumption of logging. FDA plans to start by awarding 10 short-term timber sales contracts in late 2007, projected to generate $25 million, with $5 million in taxes and duties. A chain-of-custody contract is to be awarded in mid-2007, which should help secure financial control of the sector. Likewise, new community forestry and wildlife laws must be passed in late 2007, which should help communities secure their rights and access to their forest resources.

Diamonds

The original prohibitions on the export of Liberian rough diamonds were terminated by Security Council resolution 1753 (2007) on 27 April 2007. Moreover, as a direct consequence of the lifting of sanctions, Liberia was formally admitted to membership of the Kimberley Process Certification Scheme on 4 May 2007. The Panel congratulates the Government of Liberia and its external partners, particularly Constella Futures, the United States Government and the United Nations Mission in Liberia (UNMIL), on this momentous achievement.

Financial

The financial management of the Government of Liberia continues to improve steadily, leading to robust growth of 37 per cent in Government revenue in 2006, based largely on improved tax administration and a high rate of gross domestic product growth (7.8 per cent). The credibility of the present Government was further enhanced with the indictment on corruption charges of the Chairman of the National Transitional Government of Liberia, the former Managing Director of the Liberia Petroleum Refining Company (LPRC), and other ministers and deputy ministers. The culture of impunity, entrenched in Liberian society for long, appears to be making room for rule of law. Though there has been tremendous growth in revenue, a few petroleum importers, rubber plantation companies and other commercial firms are evading taxes. LPRC trebled its profit to $4.76 million in 2006, while the National Port Authority incurred a loss of $70,565 in 2006, as compared to a profit of $2.041 million in 2005.

The Government of Liberia, however, continued to face capacity limitations in spending, as the availability of qualified manpower to implement the Public Procurement and Concessions Act is limited. More than one third of revenue collected ($46 million) in the current financial year remains unspent in the Central Bank of Liberia as at 30 April 2007, despite the desperate need for spending on capital projects (e.g., infrastructure) and on education, health and a host of other priorities. Weak internal control systems and a virtually non-existent external oversight system continue to be of concern. No effort has been made to prepare the annual accounts for the last three budgetary periods, nor has an audit of the annual accounts of the country been conducted. There is an urgent need for an independent external oversight mechanism until the Auditor General's office can function effectively.

Assets freeze

No assets have been frozen in Liberia. The Minister of Justice submitted legislation to the President for onward submission to the National Legislature that would enable the Government of Liberia to implement the resolution on the assets freeze. The fate of the legislation appears uncertain, given that at least two prominent members of the legislature (Jewel Howard Taylor and Edwin Snowe) are on the assets-freeze list.

The business associates of Charles Taylor, Benoni Urey and Emmanuel Shaw II are using proxies to represent their company (PLC) on the Board of Directors of Lonestar. From 2004 to 2006 more than $8 million was paid to PLC by Lonestar. Although Charles Taylor claims to be indigent and has requested that the Special Court for Sierra Leone cover his legal costs, there have been credible allegations of investments in Nigeria that remain unfrozen and of a large sum of money being with Charles Taylor at the time of his arrest in Nigeria. The Government of Nigeria did not permit the Panel to investigate those allegations. Likewise, PLC would not disclose the identity of its beneficial owners.

Socio-economic and humanitarian impacts of sanctions

The impact of the economic sanctions on Liberia has been largely positive, given the role of sanctions in increasing peace and security. Although the timber sanctions led to losses of local seasonal employment, government revenue and road maintenance in the main concession areas, there is a consensus that this unavoidable impact has been compensated for by the role sanctions played in putting an end to persistent abuse of natural resources. Poor governance in that regard was a major cause of long-term economic and social decline in Liberia, as well as a catalyst in the political crisis that culminated in civil war.

The Government of Liberia welcomed the final lifting of economic sanctions. At the same time, the lifting is likely to increase expectations among the population about the Government's ability to provide immediate employment and improved social services. The Panel believes that such expectations are unrealistic and have the potential to place undue stress on the Government's efforts to revive Liberia's war-torn economy.

Arms

Security in Liberia remains fragile despite there being no major sources of instability.

Unemployment stands at about 85 per cent, and it is not surprising that many ex-combatants find reintegration difficult. While command structures from the war continue to fragment, new relationships based on both legal and illegal commerce arise. The exploitation of resources by unlicensed businessmen inevitably draws upon young men for labour, and many ex-combatants can be found in the mining sector across the country.

There continues to exist a pool of young men that has previously fuelled conflict. The recruitment and flow of ex-combatants into Guinea in December 2006 and January 2007 is a case in point. While recent political developments involving the disarmament of the western militias in neighbouring Côte d'Ivoire are positive, many remain sceptical as to the eventual outcome of the Ivorian peace plan brokered in Burkina Faso in February 2007. As new security forces are organized and old frameworks dismantled, many find themselves caught in a troubling hiatus in which the Government of Liberia does not have the necessary apparatus to enforce order, and UNMIL is reluctant to act unilaterally. The equipping of United Nations police with a supervisory mandate rather than an executive mandate is a case in point.

Abbreviations

AFL	Armed Forces of Liberia
EC	European Community
ECOWAS	Economic Community of West African States
FDA	Forestry Development Authority
GDP	Gross domestic product
GEMAP	Governance and Economic Management Assistance Programme
IGL	Investcom Global Limited
IMF	International Monetary Fund
KPCS	Kimberley Process Certification Scheme
LCC	Lonestar Communications Corporation
LISCR	Liberian International Shipping and Corporate Registry
LNP	Liberian National Police
LPRC	Liberia Petroleum Refining Company
LTC	LISCR Trust Company
LURD	Liberians United for Reconciliation and Democracy
MODEL	Movement for Democracy in Liberia
MOTC	Monrovia Oil Transport Corporation
NNPC	Nigerian National Petroleum Corporation
NPA	National Port Authority
OTC	Oriental Timber Corporation
RPAL	Rubber Planters Association of Liberia
RPG	Rocket-propelled grenade
UNDP	United Nations Development Programme
UNMIL	United Nations Mission in Liberia

I. Introduction

1. On 29 January 2007, the Secretary-General reappointed the Panel of Experts on Liberia to investigate sanctions on arms, diamonds and individuals and entities deemed a threat to regional peace. The present report contains the Panel's assessment of the effectiveness of those sanctions, their humanitarian and socio-economic impact and progress towards their lifting.

2. Between February and June 2007, the Panel conducted assessments in Liberia, Sierra Leone, Côte d'Ivoire, Guinea, Ghana, Canada, the European Union and the United States of America, and collaborated with the Panel of Experts on Côte d'Ivoire.

Basis for the sanctions regime in Liberia

3. The Security Council first imposed an arms embargo on Liberia in 1992. In 2001, resolution 1343 (2001) also blocked trade in diamonds and restricted the travel of key individuals undermining regional security through Liberia's role in the war in neighbouring Sierra Leone. As the conflict intensified within Liberia, the Council demanded audits of the Liberian shipping registry and the logging sector (resolution 1408 (2002)), and eventually applied timber sanctions in 2003 (resolution 1478 (2003)).

4. In 2003, the Comprehensive Peace Agreement ended the Liberian conflict. Although former President Charles Taylor fled, he continued to try to influence events in Liberia from exile in Calabar, Nigeria. Moreover, a fragile peace, lack of full implementation of the Comprehensive Peace Agreement, and the continued possible linkage between natural resources and arms led the Council to renew sanctions through 2004 and 2005 and to extend the measures by imposing an assets freeze to ensure that key individuals did not have access to resources to fuel further conflict (resolution 1532 (2004)).

5. During the time of the National Transitional Government of Liberia, which was formed under the Comprehensive Peace Agreement and was composed of the three warring factions — the former Government of Liberia (Taylor loyalists) and the two rebel groups, Liberians United for Reconciliation and Democracy (LURD) and the Movement for Democracy in Liberia (MODEL) — the Council resolved to maintain sanctions until the conditions for lifting the sanctions had been met, i.e., with regard to diamonds, substantial progress towards compliance with the Kimberley Process Certification Scheme for the international trade of conflict-free diamonds, and with regard to timber, control over the forest resources and the use of the revenue generated for the benefit of Liberians. Until those conditions were met, the trade in timber and diamonds represented an unacceptable threat to peace. But rather than implement the Comprehensive Peace Agreement and meet the conditions, corrupt National Transitional Government officials misappropriated much of the State's revenue and failed to freeze any assets (see S/2005/360, S/2005/745, S/2006/379 and S/2006/976). Thus, sanctions were maintained throughout 2005.

6. In contrast to the National Transitional Government of Liberia, the Government of President Ellen Johnson-Sirleaf, inaugurated in January 2006, demonstrated clear efforts to meet the conditions for lifting sanctions. For example, the first Executive Order declared all timber concession claims null and void due to

the widespread failure to comply with rule of law (see S/2006/379, para. 17). Acknowledging those efforts, the Council allowed the timber sanctions to expire on 21 June 2006. The lifting was confirmed once Liberia adopted a reformed forest law in September 2006. Most recently, a review by the Kimberley Process Certification Scheme concluded that Liberia had made significant progress towards compliance with the Scheme, and consequently the Council lifted diamond sanctions on 27 April 2007.

7. Liberia has yet to implement the assets freeze. Charles Taylor was allegedly carrying a large amount of money when he attempted to break the terms of his exile by fleeing Nigeria in March 2006, and is alleged to have substantial investments in Nigeria (see S/2006/976, para. 155), but the Panel has never received permission from authorities in Nigeria to investigate Taylor's finances. Since Taylor was transferred to the Special Court for Sierra Leone to stand trial on 11 counts of war crimes and crimes against humanity, he has declared himself indigent and demanded that the Court cover his extensive legal fees.

8. The sanctions on arms remain. Should they be lifted, arms traffic to Liberia would be regulated by the Economic Community of West African States (ECOWAS) moratorium on small arms.

9. The lists of individuals designated for assets freeze and travel sanctions are reviewed regularly by the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia.

Situation in Liberia

10. Liberia has much to celebrate: security, economic growth, a free press, and a popular President who continues to generate international support for her country.

11. In order for there to be durable peace and security in Liberia, conditions must be established that encourage those Liberians who prosecuted the war — the senior political and military leaders as well as the foot soldiers — that they will find economic opportunity within the framework of the State.

12. It is therefore of concern that Liberia struggles with governance. The current Legislature has ratified two contracts and passed the budget and 10 bills (two of which ratified international conventions on corruptions, while another was the forestry reform act mandated by the Security Council and another the controversial Financial Autonomy Act (see para. 83 below). For most of the first quarter of 2007, the House of Representatives was preoccupied with replacing the Speaker, albeit in a peaceful manner that would have been unimaginable even recently.

13. The Judiciary is also in desperate need of reform (see paras. 175-184 below, and S/2006/976, paras. 173-179). A recent United Nations Mission in Liberia (UNMIL) human rights report noted that protection at the local level remained poor, in particular with respect to access to justice, because of the lack of functioning courts and jails. Chief Justice Lewis has rejected using international colleagues as either interim judges or lawyers, although he has supported the public defender programme (see para. 183). Without functioning courts, accountability is impossible.

14. The executive branch, too, is experiencing difficulties. Although revenue has increased dramatically since the time of the National Transitional Government of Liberia, large amounts remain in the bank unspent despite the overwhelming needs of Liberians (see para. 80). Presumably the Government of Liberia has difficulty programming the money because the civil servants are inexperienced in operating budgets. The Government and donors should train a senior executive corps to address this void.

15. Indeed, a general lack of educated staff is a huge problem for all sectors in Liberia. Only 18 per cent of Armed Forces of Liberia (AFL) candidates were successful in becoming recruits — most failed the vetting process because they lacked high-school education. The United Nations police have addressed a similar problem in vetting recruits for the Liberian National Police (LNP) through an expedited high-school certification, aimed at 130 potential female recruits.

16. Governance problems are compounded by apparent conflicts of interest. Financial oversight through the Governance and Economic Management Assistance Programme (GEMAP) in the Legislature would be eliminated if the Financial Autonomy Law were to be enacted as is. Recently the Government of Liberia contracted the Rubber Planters Association of Liberia (RPAL) as an interim management team to operate the Guthrie rubber plantation. The head of RPAL is also the Chair of the Public Procurement Concessions Commission. Furthermore, the contract for this arrangement makes no requirements for a financial audit (although this may be altered after a recent contentious hearing in the House).

17. Throughout Liberian society there are complaints that civil servants continue to ask for bribes to complete even the most basic of services. Although the President has promised a zero-tolerance policy on corruption, the public is well aware that few civil servants have been penalized, and there does not appear to be a strong, coherent policy beyond the President's inaugural address to implement such penalties.

18. These difficulties in governing compromise the ability of the Government of Liberia to implement rule of law. The civil courts are overwhelmed by land disputes. Each month the Ministry of Lands, Mines and Energy receives hundreds of requests to mediate disputes over concession rights. Indeed, it appears that the Land Title Registry was purposely targeted during the war to destroy the files. Therefore, land and tenure issues must be resolved — which requires both establishing clear title for property and determining how customary land rights can be resolved with statutory rights. Community rights have been steadily eroded since the 1949 amended Hinterland Law, which pledged the integrity of customary land areas as community property irrespective of the procurement of formal titles. The Governance Reform Commission has begun working on the issues, headed by Amos Sawyer.

19. Rule of law is particularly difficult to implement in the leeward counties (outside Monrovia), where slow decentralization undermines the establishment of effective governance. Regional offices, for LNP and the Forestry Development Authority (FDA), for example, have been difficult to maintain because of poor infrastructure and the fact that employees must travel back to the capital to receive salaries. A lack of rural policing undermines the Government's ability to enforce regulations on, for example, natural resources. This facilitates criminal economic networks that exploit unemployed youth, many of whom are ex-combatants. For other ministries, the Ministry of Finance has recently instituted a process whereby

government salaries are distributed by teams that travel to regional capitals to disburse payment.

20. With the vacuum of government security, private security companies fill the void. But there is confusion regarding who operates such companies — the lists differ between the Ministry of Justice and the Ministry of Commerce. It is reassuring, however, that the revised contract (to operate an iron ore mine in Nimba County, worth billions of dollars, and expected to employ thousands of Liberians) between Mittal Steel and the Government requires Mittal to operate security companies based on the "Voluntary principles on security and human rights". This is a useful precedent.

21. The Truth and Reconciliation Commission has begun hearings on human rights abuses and war crimes committed from 1979 to 2003. The Government remains committed, allocating more than $1.4 million (almost 1 per cent of the nation's budget). The Truth and Reconciliation Commission expires in September, but if it is performing well, the mandate should be extended to deal with the overwhelming caseload.

22. The difficulties in governance and rule of law combine to create difficulties in achieving development targets. It took the executive branch almost a year to review the Mittal contract, and then the House and Senate more than three months, and a recall from their Easter recess, to ratify it. When the Legislature did not provide appropriate checks and balances to the executive branch in Liberia, it allowed an imperial presidency.

23. Despite a strong environmental and labour movement, civil society must also develop. Although UNMIL Radio broadcast the Legislature's two hearings on Mittal, there the quality of the testimony by Liberian activists was poor. This is a poor precedent for civil society's engagement in decision-making.

24. There appears to be a general attitude in Liberian politics that welcomes the input of international donor finance, but balks at the need for checks and balances. This is demonstrated in the way that many do not welcome accountability, such as those in the media that attack the Governance and Economic Management Assistance Programme. One controller has even had his life threatened.

25. The prosecutions of a number of high-level bureaucrats from the National Transitional Government of Liberia, however (see paras. 106-107), are a promising introduction to accountability in Liberia. The former Chair of the National Transitional Government launched a legal challenge based on executive immunity — but this seems inappropriate given that he was not a President and that the Comprehensive Peace Agreement had suspended the Constitution (article XXXV).

Acknowledgements

26. The Panel is grateful for the assistance provided by the Government of Liberia. The Panel is also grateful to UNMIL for its invaluable support, especially in the areas of security, logistics and transportation, including aircraft. The Panel received additional assistance from the organizations listed in annex I.

Standards of verification

27. The Panel used established evidentiary standards to substantiate findings: fully authenticated documentary evidence or at least two credible and verifiably independent sources. 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 conclusive evidence.

Composition of the Panel of Experts

28. The Panel of Experts consisted of the Chairman and timber expert, Arthur Blundell (Canada); an expert with Interpol investigative and arms experience, Damien Callamand (France); a diamond expert, Caspar Fithen (United Kingdom of Great Britain and Northern Ireland); an expert on humanitarian and socio-economic aspects, Tommy Garnett (Sierra Leone); and an expert on financial matters, Rajiva Sinha (India).

II. Timber

29. The sanctions on timber were lifted in June 2006. A reformed Forestry Law came into effect in October 2006, setting the legal framework for a resumption of commercial logging. At present, however, there are no valid timber contracts: the President declared all concession claims null and void because of widespread legal violations and tax evasion (Executive Order No. 1; see S/2005/745, annex, paras. 71-73). By law, new logging contracts on public land must be awarded through competitive bidding. Initially, in late 2007, 10 short-term timber sales contracts should be awarded, with longer and larger forest management contracts being added over the next few years, once FDA has increased its capacity. For 2008, FDA projects approximately $25 million worth of production, which should employ a couple of hundred people and provide approximately $5.2 million in government revenue.

Illegal exports

30. Despite the fact that timber exports remain illegal, on 30 March 2007 a container of planks left the Freeport of Monrovia on the *Agnete Maersk*. Initially the broker, Mark Williams, reported 19,000 cubic metres of scrap metal on the shipping instructions. Three days after the freighter left, the exporter, Cisse Abdoulaye, changed the shipping instructions to 390 planks of Liberian hardwood for the consignee, Safricom Sarl of Marrakesh.

31. Two months prior to the export, a local trader, Aditco, requested that FDA allow a shipment of wood samples to Morocco, but the Managing Director of FDA refused, since “legal origin” could not be established. Customs had nonetheless given permission for export (although the form was not completed and appears to be signed by someone other than the Deputy Commissioner for Excise).

32. Documents were then prepared, including permission from Customs (again the form is only partially completed), a pre-shipment inspection request and corresponding payment of the $453.60 inspection fee to Bivac. But the consignment had been changed on behalf of a local company, Edgail, to ship scrap metal.

Although the export of scrap metal is prohibited, a letter from the Deputy Minister of Justice exempted the shipment (see annex II). The Minister of Justice confirmed that the letter is fraudulent, i.e., it does not bear the Deputy's signature (it was signed by an unknown proxy), and the Ministry of Justice does not have a seal. The Minister gave assurances that an investigation would follow with prosecutions as appropriate, as has been requested by the Managing Director of FDA.

33. Edgail claims it never employed Mark Williams to broker the shipment, and that he used the company's name fraudulently. Mr. Williams disputes this.

34. Although Bivac is required to inspect containers prior to shipment to confirm that manifests are accurate and that appropriate fees have been paid, the Ministry of Finance exempts many shipments from this process. Bivac reports that the timber shipment left without inspection; records of the National Port Authority indicated that there was only one seal, that of the Maersk Line.

Security

35. The initial conditions for lifting timber sanctions included that the Government of Liberia "establish its full authority and control over the timber producing areas" (resolution 1521 (2003), para. 11). UNMIL will maintain security in rural areas for at least another year. Rural policing, for both LNP and FDA enforcement officers, however, remains a challenge (see para. 163). Although FDA has moved to a proper headquarters in Monrovia, its regional offices are still not functioning, which exacerbates illegal pit-sawing. FDA and UNMIL have cooperated on enforcement operations, but regular joint military operations have not yet begun.

36. FDA initially requested a budget of $4.1 million for operations in 2008, but the Government of Liberia has allocated only $2.77 million. The shortfall seriously jeopardizes the ability of FDA to function, especially outside Monrovia.

Financial control

37. In addition to security, the conditions for lifting sanctions required "that government revenues from the Liberian timber industry … are used for legitimate purposes for the benefit of the Liberian people, including development" (resolution 1521 (2003), para. 11). In the first quarter of 2007, the financial position of FDA was relatively strong: interim financial statements are being prepared, but under the new Administration, FDA deposited into the Central Bank of Liberia approximately $650,000 in taxes and fees collected on forest products.

38. The financial position will be further strengthened once a chain-of-custody management firm is appointed late in 2007 — a Swiss inspection company, SGS, won the bid. The firm will be responsible for maintaining a tracking system that follows trees from forest to sale to ensure that no illegal wood enters the legal supply chain and that, prior to export, all the proper taxes and fees are collected. Between 1997 and 2003, the Government of Liberia collected only 14 per cent of forest-related fees — the industry is $64 million in arrears. For example, the Oriental Timber Corporation (OTC) — partly owned by Gus Kouwenhoven, who was convicted in 2006 by a Dutch court for trafficking arms to Liberia in violation of the sanctions — received flag receipts for "tax payments", of which at least 16 per cent were deposited directly into the bank accounts of Charles Taylor ($4.5 million; see annexes III-V; millions more may have been deposited into

Taylor's accounts, but definitive information on the ownership of those bank accounts has been difficult to obtain), at least 32 per cent were deposited into accounts related to Mr. Kouwenhoven and OTC itself (such as those of Hotel Africa and other associated companies), and the rest was deposited into other foreign accounts, many of unknown ownership, but including vendors of goods such as helicopters and patrol boats (see S/2004/396, annex, para. 116) in violation of the United Nations arms embargo.

39. The GEMAP controllers at FDA and the National Port Authority (NPA) recently switched. A new Financial Controller and a new Chief Accountant were hired in December 2006 and January 2007, respectively. FDA is retrenching approximately 210 employees; that will be completed in June 2007 at a cost of approximately $500,000. FDA will also publish a new a set of standard operating procedures to clarify financial protocols, e.g., for procurement, next month.

40. In summary, during the NTGL period, financial reform at FDA was hampered by mismanagement. The European Community (EC)-funded audit of FDA detected misappropriations and theft for the 2003-2005 period (see S/2006/976, paras. 58-59). In addition, National Transitional Government managers engaged in rent-seeking, allowing illegal pit-sawing and bribing mill owners (see S/2006/976, paras. 61-62). By way of comparison, in both 2004 and 2005 FDA collected less than $80,000 in fees from pit-sawyers (who process lumber using chainsaws), whereas under the current Administration FDA collected more than eight times that amount in 16 months. FDA must maintain a culture that is intolerant of corruption, punishing all those found to have committed theft or fraud. Management must also comply assiduously with protocols and procedures. Oversight by the GEMAP controller should assist with all of these measures.

Future of the sector

41. The resumption of industrial logging will proceed under the requirements of the reformed forestry law of 2006. Under law, the new contracts, awarded through competitive bidding, must respect local rights. (To that end, the Legislature must also pass a new law governing community forestry.)

42. Expectations for the sector must be realistic. It is unlikely that a sustainable harvest will produce much more than $100 million in gross revenue annually ($20 million available to the Government of Liberia through taxes and fees; such a harvest will not occur immediately but will require some start-up time. Moreover, such levels of activity are unlikely to provide employment for more than 8,000 workers. Given these realties, FDA must avoid the temptation to allow unsustainable harvest rates in the name of greater (short-term) financial return. The Government of Liberia should encourage policies that provide incentives to the processing and replanting of the nation's vast areas of exhausted plantations, especially rubber plantations. This would employ thousands immediately and help the recovery of the rubber sector, long a mainstay of the Liberian economy. The Government should also pursue alternative approaches to the use of the nation's forests, such as carbon credits for reforestation or even avoided deforestation. Likewise, the Government should implement its pledge to develop a network of protected areas, which would also meet its obligation under the Convention on Biological Diversity. Scientific land-use planning identified a number of potential parks along Liberia's borders with neighbouring Sierra Leone, Guinea and Côte d'Ivoire. Those "peace parks" can

serve a crucial role in regional security by providing a State presence in areas that have traditionally been sites of insurgency — presumably because the dense forest provides cover and the opportunity to gain revenue from illegal logging. The alternative is to militarize the borders, which, in the past, has led to less security.

Conclusions and recommendations

43. Sanctions were effective for stopping exports. Industrial logging did not resume after the war ended in 2003, owing predominantly to a lack of investment because of the sanctions. The first illegal timber shipment for which there was conclusive evidence occurred in March 2007, almost a year after the sanctions were lifted, but while FDA maintained an effective moratorium on shipments. Pre-shipment inspections of all goods, backed by the chain-of-custody contract, is critical to ensure that illegal exports do not occur.

44. Without United Nations sanctions it is unlikely that the comprehensive forestry reforms would have occurred. Although sanctions have been lifted, the Government of Liberia must pass new community forestry and conservation laws, especially to address outstanding issues of land tenure. Operating out of a new office building, under new regulations and laws, FDA has the opportunity to begin afresh and leave behind the legacy of mismanagement and corruption that fuelled regional conflict.

45. In order to send a clear message that the culture of impunity is over, the Ministry of Justice must pursue the prosecution for misappropriation of those identified in the EC-funded audit of FDA, even though they no longer work for FDA.

46. Likewise, in accordance with the President's statement of July 2006, no person or company can receive any new contracts or concessions if they have arrears with the Government. Therefore, no former logging companies should receive new contracts until they have paid all their arrears.

47. International buyers must accept their responsibility, too. To that end, EC should negotiate a voluntary partnership agreement with Liberia to ensure that only legal timber is exported and that trade does not fund conflict. Liberia should encourage other large importers, such as China, to become partners in the agreement.

III. Diamonds

Background

48. In its resolution 1731 (2006) the Security Council, decided, inter alia, that it would renew the prohibition on the importation of rough diamonds from Liberia first imposed by paragraph 6 of resolution 1521 (2003) for an additional period of six months with a review after four months, to allow the Government of Liberia sufficient time to establish an effective Certificate of Origin regime for trade in Liberian rough diamonds that is transparent and internationally verifiable, with a view to joining the Kimberley Process.

49. After preliminary work conducted in New York, Brussels and elsewhere, the Panel travelled to Liberia in February 2007. An unofficial interim assessment on diamonds to support the four-month review called for in paragraph 1 (c) of

resolution 1731 (2006) was presented to the sanctions Committee on 13 April 2007. Pursuant to paragraph 4 (d) of the same resolution, the present section is the final, official assessment of the diamond sector called for by 6 June 2007.

Sanctions timeline

50. Since the end of the last mandate, on 21 December 2006, the Government of Liberia and its external partners have worked assiduously towards meeting the requirements of the Security Council for the lifting of the prohibitions on the export of Liberian rough diamonds. Successes in this endeavour hinged largely on the effective implementation of the internal and export controls necessary for participation in the Kimberley Process Certification Scheme (KPCS). Significant progress in this regard was made prior to a Kimberley Process expert mission that commenced on 6 March 2007.

51. The members of the expert mission were Jacob Thamage (Botswana), Alyson King (leader, European Commission), Amador Sánchez Rico (European Commission), Simon Gilbert (World Diamond Council) and Shawn Blore (Partnership Africa Canada). Commending the hard work undertaken by the Ministry of Lands, Mines and Energy, the expert mission concluded that "Liberia meets the minimum requirements of the KPCS, as set out in sections II-IV of the KPCS document adopted by Ministerial Declaration, and in particular, that it is '… establish[ing] a system of internal controls designed to eliminate the presence of conflict diamonds from shipments of rough diamonds imported into and exported from its territory.'"

Kimberley Process recommendations

52. Nevertheless, while the Government of Liberia had made considerable progress since the end of 2006 (see S/2006/976) in almost every aspect of establishing a functional and effective system of internal controls for the monitoring of the production and export of rough diamonds, the Kimberley Process expert mission argued that certain preparations prior to Liberia's Kimberley Process admission are critical to ensure the effectiveness and integrity of the internal control system, and strongly recommended that the Government of Liberia carry out the recommendations set out in paragraphs 53 to 57 below prior to Kimberley Process admission.

53. *Development of import procedures*. The Kimberley Process suggested that the Government of Liberia, especially Liberian Customs, devise effective procedures regarding rough diamond imports. In response, on 29 March 2007 the Ministry of Lands, Mines and Energy undertook a workshop for junior Customs officials at all border crossings, higher-level members of the Commissary of Customs, relevant officials from the Ministry of Justice and members of the Central Bank who will work closely with revenue payment and export/import authorities.

54. *Repeated testing of Liberia's system of internal controls through a system of dry runs*. The Kimberley Process suggested that the Ministry of Lands, Mines and Energy conduct at least three dry runs of the internal control system, tracking a mock diamond from a diamond-mining area to a regional office and from there all the way through the system to the point of export. Initial dry runs were conducted on 21 March and 5 April 2007. A final dry run was conducted from the Tubmanburg regional diamond office on 1 May 2007 as part of the official dedication of the overall Government Diamond Office administrative structure. During the dry run,

Ambassador Donald Booth of the United States of America and Special Representative of the Secretary-General Alan Doss played the parts of “digger” and “broker”, respectively. President Ellen Johnson-Sirleaf acted as “exporter” at the Monrovia Government Diamond Office. The Panel can report that all aspects of the process, including classification, determination of royalties, payment procedure and packaging, proceeded without problem.

55. *Installation of a United States Geological Survey database, and training of two designated Ministry of Lands, Mines and Energy personnel in database usage*. Database hardware and software arrived in Monrovia in late March 2007. The software developer provided training to two staff members on usage and maintenance of the database during a week-long course (2-6 April 2007).

56. *Outreach and training workshops for key system stakeholders, including miners, brokers, dealers and exporters*. The Kimberley Process suggested that the Ministry of Lands, Mines and Energy conduct a series of workshops for the key stakeholders in the Liberian diamond sector. Several dozen training sessions, lasting from a day to three months, have been funded with the support of Kimberley Process Certification Scheme member countries, UNMIL, the United Nations Development Programme (UNDP) and private companies such as De Beers. The workshops familiarized miners, brokers, dealers and exporters with their roles and responsibilities under the new system of internal diamond controls. The Panel can also report that a workshop for 45 dealers and brokers was held on 20 March 2007, and a further workshop for representatives of the Central Bank and the Ministries of Finance and Justice was conducted on 22 March 2007. Further sensitization of miners is continuing and is being assisted by radio, local newspapers and theatre groups.

57. *Complete deployment of the remaining regional offices*. The Panel can report that 9 out of 10 prefabricated regional offices have been deployed. Poor roads and a lack of helicopter landing space have proved to be an obstacle to the deployment of the last container to Weasua. This problem is expected to be resolved shortly.

Kimberley Process post-admission recommendations to the Government of Liberia

58. The Kimberley Process expert mission also made a series of further recommendations to Liberia for actions subsequent to any successful application to join the Kimberley Process. While the implementation of these recommendations was not necessary for meeting the requirements for participation in the Kimberley Process, it will greatly reinforce Liberia’s credibility as an exemplary, core member of the scheme in the longer term. The recommendations are set out in paragraphs 59 to 67 below.

59. Liberia should continue, with the assistance of partners, to build capacity and train officials whose work relates to Kimberley Process implementation (including Government Diamond Office staff, mineral inspectors and mining agents and customs, police, immigration, banking and finance officials).

60. Liberia is strongly encouraged to invite a Kimberley Process review visit within a year of full participation in and implementation of the Kimberley Process Certification Scheme.

61. The Ministry of Lands, Mines and Energy should alert UNMIL, LNP, customs, immigration and other relevant authorities in border areas to the potential for

increased cross-border movement following the lifting of sanctions, to the Kimberley Process and the resumption of diamond activity in border areas.

62. Liberia should report to the Kimberley Process regarding the implementation of the outstanding recommendation that Liberia permanently exclude foreign (non-Liberian) diamond-trading companies from incorporating through the Liberian International Shipping and Corporate Registry (LISCR), as this undermines the goals of the Kimberley Process and its efforts to bring transparency to the diamond market.

63. Liberia should become a member of the Working Group of Artisanal/Alluvial Production, and its West Africa regional subgroup.

64. To strengthen further Liberia's system of internal controls, the Kimberley Process Expert Mission also recommended that careful analysis be carried out on the additional data and digital photographs provided by Liberia on its export shipments to develop, inter alia, a footprint of its exports.

65. Within three months of Liberia's admission to the Kimberley Process, Kimberley experts should examine the production-capacity estimate provided by Liberia, together with all other currently available sources of relevant information (historical, geological, industrial, etc.), to develop initial indicative parameters for the use of the Government of Liberia and the Kimberley Process when analysing Liberia's production and trade statistics.

66. The Kimberley Process should carry out careful monitoring and analysis of the production and trade data provided by Liberia and other West African participants and their trading partners, on both a national and a regional basis.

67. The Kimberley Process community should consider the needs of Liberia in terms of, inter alia, capacity-building, equipment, training and regional coordination in order to support Kimberley Process implementation.

Capacity-building

68. In order to maintain the continued success of Liberia's Kimberley Process Certification Scheme during the initial stages, the Office of Transition Initiatives, an arm of the United States Agency for International Development, has provided funding for an expert on diamonds and development to replace, for a period of three months, Tyrone Gaston of Constella Futures, whose contract is due to expire in mid-June 2007. The new consultant's role will be to develop processes and systems to sustain the Certification Scheme in Liberia and ensure its long-term durability and compliance with it.

Governance and Economic Management Assistance Programme

69. Solomon Toweh, a mining-concessions expert with strong links to the United States Geological Survey, arrived in Liberia in late April, replacing Godwin Nyelo as GEMAP controller. He has begun a major, multi-resource concessions review within the Ministry of Lands, Mines and Energy.

70. The President recently dismissed two employees of that Ministry, the Senior Assistant Minister of Mines, James Konuwa, and the Senior Director of Mines, Charles Dagoseh, for issuing bogus mining licences, and has instructed the Minister of Mines, Eugene Shannon, to review all mining licences.

Current patterns of mining activity

71. *Butaw Oil Palm Corporation, Sinoe County (latitude 5°14.67 north, longitude 9°14.93 west)*. The Butaw Oil Palm Corporation illegal mining settlement continues to grow. While the volume and value of production are not especially high by regional standards (see S/2006/976, para. 30), there has been significant expansion of alluvial mining over the past four months, coupled with a concomitant influx of diggers and their dependants into the area. The main township has taken on more permanent characteristics, satellite camps are appearing farther into the surrounding bush and the site now represents a clear danger to public health. There appears to be little in the way of provision for water and sanitation, an alarming situation in the context of the onset of the rains and the associated cholera season as water tables rise. While the Government of Liberia currently lacks the capacity to deal with the situation, and UNMIL lacks a firm mandate to intervene, the Panel recommends that health agencies and non-governmental organizations act now to avert a major epidemic.

72. *Jungle Waters, Gbapa, Nimba County (latitude 7°30 north, longitude 8°35 west)*. Clearance and preparation of the site for mining continue, and there has been considerable expansion since the Panel's last report (see S/2006/976, para. 29). A Caterpillar tractor and dragline were working the site along with a small number of engineering personnel. Nevertheless, there were no pumps visible and no actual evidence of mining and gravel washing.

73. *American Mining Associates, Kungbor, Lofa County (latitude 7°38 north, longitude 10°34.29 west)*. The American Mining Associates site remains highly developed. Accommodation for mining personnel has been improved and now caters for expatriate as well as local workers. There has been further land clearance in preparation for mining, although at the time of the overflight all heavy equipment was parked in secure locations. The washing plant described in the Panel's last report was still in place, but there was no evidence that it had been working. The site is of considerable size and sophistication by regional standards, and is ready to commence operations at any moment.

74. *Italgems, Lofa River (latitude 6°56.5 north, longitude 10°56.4 west).* There has been renewed activity at the Italgems site on the Lofa River. While there was no evidence of mining activity, a classifier, rotary separator and jig have appeared on site. The plant is not connected for a structured washing process, indicating that so far it has not been used to process gravel. Two accommodation blocks for mine personnel have also been built.

Ministry position

75. At present, the Ministry of Lands, Mines and Energy is maintaining its embargo on diamond mining until the new GEMAP consultant embedded in the Ministry has undertaken a full review of alluvial licences. Furthermore, the Government Diamond Office is awaiting final delivery of Kimberley Process certificates from the London-based printer De La Rue. Only upon receipt of those instruments and the commencement of legal, licensed digging will the formal process of Kimberley Process-compliant exports begin. These final elements of the control structure are expected to be in place in the near future. Furthermore, the onset of the rainy season and the concomitant downturn in production will lessen administrative pressure on

the Liberian authorities in the short term and provide a useful period for gaining experience and identifying potential problems in the system.

Conclusion

76. While the Panel heartily commends the Government of Liberia for satisfying the requirements of the Security Council and its entry into the Kimberley Process Certification Scheme, those achievements constitute the beginning of a long-term commitment to accountability, transparency and probity. The success of this endeavour will depend greatly on the quality of management within the Liberian Government and the level of support provided to it by its external partners and the international community.

IV. Finance

77. The misappropriation of government revenue in order to finance conflict was a major reason for establishing sanctions on diamonds and timber. The Security Council urged Liberia to take steps to ensure that revenue is "used for legitimate purposes for the benefit of the Liberian people, including development" (resolution 1521 (2003), para. 11). Good governance and the transparency and stability of government finances are critical in ensuring that government revenues are not diverted to fund the purchase of weapons and to fuel conflict.

78. The financial position of the Government of Liberia has improved steadily since the new Government took office in January 2006. Revenue exceeded $100 million in 2006 for the first time in more than a decade. The International Monetary Fund (IMF) estimated real gross domestic product (GDP) growth of 7.8 per cent (and projected a similar rate for 2007), which represents a significant improvement on the 5.3 per cent in 2005. This has been driven in part by civil construction activities, recovery in the agricultural sector and donor-funded expenditures in the country. Inflation is estimated at single digits, owing largely to a cash-based budget and exchange-rate stability arising from a large influx of donor funds into the economy.

High growth in revenues

79. Revenue increased by 37 per cent in 2006 (table 1). This is encouraging, given that the impact of increased revenue following the lifting of timber sanctions has yet to be felt. The Government of Liberia collected $120.42 million in the first 10 months, compared to the estimate of $129.9 million for fiscal year 2006/07. In April 2007 the Legislature passed a supplementary budget of $5.06 million.

Table 1
Revenue collection from 2004 to 2007
(Millions of United States dollars)

Category	*2004*	*2005*	*2006*	*2007 (January-March)*
Customs duties	25.403	27.973	47.145	14.859
Maritime revenue	12.765	10.657[a]	11.117	3.543
Petroleum levy/sales tax	4.134	3.281	7.707	2.780
Corporate/income tax and other	26.105	36.858	46.161	23.930
Grants/loans	1.000	4.000	1.000	—
Total	**69.407**	**82.769**	**113.130**	**45.112**

[a] 2005 includes $1.863 million collected from November to December 2005, but deposited in February 2006.

Fiscal year 2006/07

80. Although the Cash Management Committee approved expenditures of $85 million up to 30 April 2007, only $74 million has been spent so far, leaving a cash balance of $46 million. It is highly unlikely that the Government of Liberia can spend an additional $50 million in the next two months. The implementation of the new Public Procurement and Concessions Act contributed to this sluggishness in spending, as the availability of qualified manpower in line ministries to implement that Act is limited.

Fiscal year 2005/06

81. There is some discrepancy regarding the final status of the 2005/06 fiscal year. In September 2006, the Deputy Minister of Expenditure reported to the Cash Management Committee that the surplus from the recast budget was $2.6 million, whereas the supplementary budget submitted by the Government of Liberia in April 2007 indicated a surplus of $2.1 million. The budget performance report submitted in September 2006 could not confirm the actual expenditure for 2005/06. Likewise, the report did not address the spending of $4 million in grants from the Government of South Africa and $1 million from China. It also failed to indicate that there was an opening balance of $1.965 million available on 1 July 2005 as surplus from the 2004/05 budget of the National Transitional Government of Liberia.

Legislative oversight

82. It is not clear how the National Legislature can satisfy itself that spending was as approved by the budget, given that there are no annual accounts of the Government of Liberia and no independent audit by the Auditor General. Thus, legislative control appears to be perfunctory, with greater emphasis being placed on spending rather than accounting for how the money is actually spent. Even though the Government spent nearly $10 million on education in 2006, the budget performance report does not state how many new schools were opened, how many students enrolled or how many teachers have been appointed.

83. The National Legislature has complained that the Ministry of Finance has been disbursing funds too slowly. As a countermeasure the Legislature recently passed the Financial Autonomy Act, which gives it direct control over its own budgetary allocation without any external oversight, including by GEMAP. Provisions in the bill provide the legislators with a tax-free salary. This enhances the view that the Legislature is more concerned with its own well-being than with exercising its oversight role so that the budget is spent as approved in the budget bills.

2007/08 budget

84. In mid-May, the Government of Liberia submitted to the Legislature a national budget of $182.5 million for 2007/08, to be passed by the end of June. (In 2006, the budget was passed at the end of August, delaying spending in July and August.)

85. The new budget increases salaries of the lowest-paid civil servants to $50 per month, up from $30 a month before. It also provides for substantial increases for the National Legislature ($11 million), education ($15.2 million) and health ($13.8 million).

Customs revenues

86. Customs duties accounted for nearly 48 per cent of total revenue. The Freeport of Monrovia and Robertsfield International Airport currently collect 99 per cent of duties. Negligible duties are collected from three other ports, at Buchanan, Greenville and Harper. Customs duties rose dramatically between 2005 and 2006, despite several dozen exemptions, numerous waivers and supplies of duty-free petroleum each month.

Pre-shipment inspection of rice and petroleum imports

87. The pre-shipment inspection by Bivac of petroleum and rice imports for verification of quality, quantity and valuation was meant to commence in January 2006, but so far there is no effective pre-shipment inspection on petroleum products. While importers complain about exorbitant pre-shipment inspection fees, the Government of Liberia is still not collecting all the import duties.

Liberia Petroleum Refinery Company

88. In 2006, the Liberia Petroleum Refinery Company (LPRC) earned a net profit of $4.76 million on revenue of $12.26 million. By comparison, it earned $1.5 million in 2005. This increase was due primarily to storage fees being paid, substantial staff cuts and an 11 per cent increase in imports. Profit would have been higher but for a reduction of storage charges by 3 cents a gallon in August 2006. The large downsizing of staff reduced potential profit, since the total cost of about $1.5 million was absorbed entirely in 2006. LPRC made donations of $0.480 million to charitable causes and $0.251 million for sports sponsorship, while supplying the Government of Liberia with a dividend of only $0.5 million.

89. The new Board of Directors has taken some austerity measures, such as reducing their monthly entitlement of fuel from 500 gallons to 250 gallons (from 750 gallons to 350 gallons for the Chair). Conversely, they decided to approve an increase from 1,000 gallons to 2,770 gallons for the Managing Director. The Managing Director received a monthly salary of $1,600, plus an annual bonus of $10,000, while the Chair received a $5,000 bonus and the other members of the Board a $4,000 bonus.

Missing petroleum taxes

90. Tax on petroleum increased from $3.447 million in 2005 to $7.707 million in 2006, although substantial revenue remains uncollected.

91. In the last Panel report (S/2006/976, para. 116), uncollected revenue for the period from January to September 2006 was estimated to be approximately $7 million. LPRC reports now indicate that the actual shortfall was $7.53 million (see table 2).

Table 2
Shortfall in collection of duties and taxes on petroleum imports (January to September 2006)

		Petrol	*Diesel*	*Kerosene*	*Jet fuel*	*Total (millions of United States dollars)*
		Gallons				
1.	Total imports	17 175 244	23 938 058	791 178	3 754 381	45.66
2.	UNMIL imports	122 814	6 336 520	94 500	2 753 524	9.31
	Balance (1-2)	17 052 430	17 601 538	696 678	1 000 857	36.35
		United States dollars				
	Duties/taxes	7 673 593	7 040 615	276 671	400 343	15.39
	Duty-free products (as reported by LPRC)					2.55
	Duties/taxes due the Ministry of Finance					12.84
	Duties/taxes collected by the Ministry of Finance					5.31
	Shortfall in duties/taxes collected					**7.53**

92. The shortfall in tax collection has increased to $8.473 million. Receipts of $23.252 million are expected, given import volumes, less duty-free amounts of $4.08 million, which will result in actual receipts due of $19.172 million. Since only $10.699 million has been collected, there remains $8.473 million in arrears. It was not possible to determine the exact figure for arrears by importer because LPRC reports total duty-free imports only by distributor, not by individual importer. However, at least two companies, Gulf Trading and Origin Oil, have not imported petroleum products in 2007, which may in turn make the recovery of arrears difficult.

Table 3
Petroleum imports from 1 January 2006 to 31 March 2007

Importers	Gasoline	Diesel	Kerosene	Jet fuel	Duties/ sales tax due[b]	Duties/ sales tax paid
	Gallons				Millions of United States dollars	
West Oil[a]	5 533 781	5 339 618	144 726	—	4.683	3.491
MOTC	6 531 599	6 738 454	714 394	—	5.920	2.871
Srimex	4 740 343	3 340 708	—	—	3.469	1.052
Aminata	5 367 699	4 129 037	—	—	4.067	1.598
Origin Oil	2 294 151	1 299 045	—	—	1.552	0.816
Subtotal[a]	**686 586**	**573 457**	**223 112**	**2 400 272**	**1.588**	**0.213**
Gulf Trading	1 541 720	1 335 783	—	—	1.228	0.171
Lib-Afric	873 414	755 468	124 477	—	0.745	0.487
Total	**27 569 293**	**23 511 570**	**1 206 709**	**2 400 272**	**23.252**	**10.699**

[a] Excluding tax-free supplies to UNMIL.
[b] This overestimates the amount due because some of the imports are duty-free supplies to embassies, non-governmental organizations, charities, etc. LPRC reports that this totals $4.08 million out of the $23.252 million total.

93. The outstanding arrears in table 2 do not include arrears totalling as much as $10 million for imports for 2004 and 2005 during the time of the National Transitional Government of Liberia (see S/2005/360, annex, para. 154, and S/2006/379, para. 97). The Ministry of Finance has not yet had the sector audited, although the Minister has promised to investigate and recover all arrears.

Missing Liberia Petroleum Refining Company storage charges

94. Previous reports (S/2006/379, paras. 95-96, and S/2006/976, para. 119) documented (a) how LPRC had entered into an agreement with West Oil for the exclusive use of tanks 1 and 7 at concessionary rates (16 and 6 cents per gallon for diesel and petrol, respectively, rather than the 30 and 10 cents per gallon that all other importers were charged) and (b) how those reduced rates had also been granted to West Oil even when it was using other LPRC tanks. On 1 December 2006, the Managing Director informed the Board that from 1 July 2004 to 31 December 2005 this underbilling amounted to $721,630 and that LPRC would bill West Oil immediately. However, in March 2007 the Managing Director informed the Panel that LPRC had decided not to issue the bill as it had found that West Oil had not used tanks 1 and 7 because they were under repair during the period in question. Because the tanks were unusable, LPRC had charged West Oil the reduced rate for fuel even from other tanks. On investigation, the Panel found that when the contract began both tanks 1 and 7 were out of order. The Managing Director could not explain why either party would enter a contract when the tanks were not functional.

Undue benefit to West Oil/GEPCO

95. In November 2004 the owner of West Oil, Jamal Basma, also submitted a bid through his other company, GEPCO, to supply UNMIL with ground fuel. In his bid submission Mr. Basma falsely stated that GEPCO was paying normal storage charges to LPRC, when in fact he had received concessional rates since 1 July 2004. This matter was reported by the Panel in S/2006/379, paragraphs 95 and 96. In December 2006, UNMIL recovered $1.770 million for overcharges from GEPCO. According to UNMIL, whenever the Mission approached the LPRC with regard to lowering storage charges, given its status as the largest buyer of diesel, petrol and kerosene, the former Managing Director, Edwin Snowe, refused to lower the fees on one pretext or the other, even though he was fully aware that LPRC was receiving much lower storage payments from West Oil for supplies to be provided to UNMIL. It therefore appears that Jamal Basma, the largest petroleum importer, conspired with former LPRC Managing Director Edwin Snowe to inflate the charges to UNMIL. At the same time, another company belonging to Jamal Basma, Creative Investment SAL, was depositing hundreds of thousands of dollars into Mr. Snowe's personal bank account in Lebanon (see S/2005/745, annex, para. 133, and S/2006/379, para. 118).

96. In contrast with GEPCO, LPRC entered into additional exclusive use contracts with the Monrovia Oil Transport Corporation (MOTC) and Mobile during the National Transitional Government of Liberia period. Neither company was given lower rates, and Mobile even paid a premium for the exclusive use of LPRC tanks.

GEPCO tax evasion by manipulation of books of accounts

97. In addition to overcharging, GEPCO appears to have evaded substantial corporate income tax. In 2005, GEPCO received $23.875 million from UNMIL. However, in its 2005 tax return, filed on 19 May 2006, GEPCO showed a gross revenue of only $12.361 million. Likewise, in its bid submission to UNMIL in November 2004, GEPCO provided financial statements reporting revenue of $13.093 million in 2003 and $20.502 million for the first 10 months of 2004. In contrast, its 2003 tax return claimed sales of only $2.480 million, while for the entire year 2004 GEPCO reported sales of only $11.237 million. These tax returns were prepared with the help of the company's auditor, VOSCON, a Liberian certified professional accounting firm.

98. Several other businesses appear to be evading taxes. One of the large rubber plantations, Salala Rubber Corporation, treated new development costs of $1.5 million as expenses to convert its profit into a loss. The Royal Hotel, a premier hotel in Monrovia, claimed that it had on average only two rooms occupied throughout 2005, when obviously this was not the case. The Deputy Minister of Revenue has indicated that the Ministry will investigate the matter and recover the amount due at the earliest.

Non-payment of corporate taxes by PLC Investments Ltd

99. It appears that PLC Investments Ltd, considered by many to be a front company of ex-President Charles Taylor, has been evading taxes. In 1999, PLC was given an exclusive licence to run the GSM cellular mobile service without a competitive bidding process. On the basis of the licence, PLC management entered into an agreement with a Lebanese mobile company, Investcom Global Limited

(IGL), to form the Lonestar Communications Corporation (LCC). By virtue of the licence, PLC was allocated a 40 per cent share of LCC, while IGL contributed $30,000 and was allocated a 60 per cent share. Although ownership of PLC cannot be established, since the company will not provide the requisite financial documents to the Panel, Benoni Urey and Emmanuel Shaw, both close allies of Charles Taylor and both on the United Nations assets-freeze list for Liberia, were PLC Board members from 2000 to 2005.[1]

100. In 2006, LCC paid a dividend of $3.2 million to PLC. However, LCC did not pay withholding taxes on the dividend, nor did PLC pay any of the $1.12 million corporate tax on the dividend. In addition, PLC received a $600,000 dividend in June 2004, and a $1.2 million dividend in January 2006 for the 2005 financial year. Although PLC did not pay corporate tax on those dividends, it did pay $180,000 as withholding tax, which is inappropriate, as payers, not payees, are required to deduct withholding tax and pay to the Government of Liberia. When these matters were brought to the attention of the Deputy Minister of Revenue, she issued a notice to PLC to submit the details of tax returns along with flag receipts for any taxes paid.

101. In addition to dividends, PLC received management fees from LCC in the amounts of $1.131 million, $1.08 million and $1.375 million in 2004, 2005 and 2006, respectively. While making those payments on a monthly basis, LCC kept the 10 per cent withholding tax. PLC is therefore required to pay an additional $0.89 million as taxes on that income. Given that the Liberian tax code provides for hefty penalties and interest of up to 200 per cent of taxes due for not making timely payment of taxes or filing returns, PLC may owe taxes of up to $5 million.

Liberia Petroleum Refining Company contracts without competitive bidding

102. In a previous report (S/2006/976) the Panel documented that LPRC had contracted the Nigerian National Petroleum Corporation (NNPC) to provide 10,000 barrels of crude oil per day to Addax Ltd, the largest independent oil producer in Nigeria, at 14 cents per barrel, without any competitive bidding. The Managing Director of LPRC selected Addax Ltd and established a price before the contract was approved by the board. The Managing Director signed another agreement, with the Tsakos Group of Panagiotis Tsakos, a large Greek shipowner, in October 2006 for an additional 20,000 barrels of crude oil per day from NNPC. The agreement gave the Tsakos Group eight months to ensure the allocation at a rate of 14 cents per barrel. This also took place without a competitive bidding process or prior Board approval.

103. The LPRC Managing Director also concluded an agreement with MOTC to deliver petroleum products to Buchanan, and to provide concessional storage charges of 5 cents per gallon for gasoline and 11 cents per gallon for diesel. Again the contract was concluded without competitive bidding. Although these contracts apparently violate the best international practices and the Public Procurement and Concessions Act, which requires competitive bidding for both purchase and sales contracts and concessions, the Managing Director disagrees.

104. In addition to the above contracts, LPRC entered into at least 19 other large contracts for supplies of goods or services during the period from 1 January 2006 to

[1] Under Liberia’s anti-money-laundering/terrorist-financing laws, banks are required to know their customers, and thus may be able to identify the beneficial owners of PLC.

31 March 2007. Of the 19, only 5 were awarded on the basis of competitive bids. Moreover, the list of 19 provided by LPRC did not include 2 contracts worth in excess of $100,000 for legal/advisory services provided by Shapiro Sher Guinot & Sandler. Those two contracts were made without competitive bidding, in apparent violation of the Public Procurement and Concessions Act.

105. The lack of oversight by the LPRC Board in the above cases may be due to the absence of Government of Liberia ministers sitting on the Board. Other State-owned enterprises, such as FDA and NPA, have several ministers on their Boards.

Misappropriation of revenues

106. Previous reports (S/2005/360, annex, paras. 99-100, and S/2006/976, paras. 120-126) cited instances where LPRC senior management withdrew large sums of money in 2004 and 2005 on the pretext of making payments to the then-Chairman of the National Transitional Government of Liberia, Gyude Bryant. Mr. Bryant has categorically denied those accusations. On the basis of the recommendations of the Panel, the LPRC Board of Directors established an Assets Recovery Task Force in December 2006 to determine whether any such misappropriated assets could be recovered.

107. Once the Task Force confirmed the findings, the Ministry of Justice initiated prosecution proceedings against former LPRC Managing Director Edwin Snowe, who is a Representative for Montserrado County and former Speaker of the House, and Richard Devine, a former Deputy Managing Director in charge of fiscal affairs and currently a Senior Senator for Bomi County, for misappropriating funds in excess of $1 million.

National Port Authority

108. The Monrovia Freeport is the main entry point for goods arriving in Liberia. In 2006, 749 employees there were retrenched at a cost of $794,000 (by comparison, the retrenchment of 400 LPRC employees cost $1.5 million). The Freeport still employs approximately 1,071 employees, compared to the 675 employed in October 2003, when the National Transitional Government of Liberia took power.

109. Revenue growth for the Freeport slowed down from 32 per cent in 2005 to 4 per cent in 2006. In 2006 the port incurred a loss of $70,565, as compared to a profit of $2.041 million the year before. This may be in part because the Freeport shouldered the retrenchment costs of $794,000 over a single year. However, this is difficult to verify since NPA has not been audited independently.

110. In March 2007, the President moved the NPA GEMAP financial controller, along with all the top management of the Freeport, on the recommendation of the Board of Directors — apparently because of differences between the NPA Managing Director and the GEMAP controller. The Government of Liberia also argued that the GEMAP controller had not met his terms of reference by failing to prepare monthly/quarterly financial statements. The GEMAP financial controller has since been moved to FDA.

Problems involving rice imports

111. A previous report (S/2006/976, para. 112) noted that the Minister of Commerce had introduced a rice import system that resulted in a virtual monopoly, even when the National Legislature intervened and asked the executive to allow any importers to ship rice. The Minister subsequently broke the monopoly in February 2007, though none of the four regular importers have begun importing rice.

Maritime revenues

112. The Minister of Finance reported that LISCR (the agent) remitted $12.980 million to the Government of Liberia for 2006, of which $11.12 million was collected during 2006. This compares favourably with the cash remittances of $10.657 million for 2005.

113. The consolidated financial statements of LISCR Limited Liability Corporation (LLC) for 2006 have, however, not yet been audited. The Commissioner at the Bureau of Maritime Affairs informed the Panel that the Bureau is in contact with a reputed international accounting firm and that the auditor will be appointed soon.

114. A previous report (S/2006/976, para. 129) documented that LISCR Trust Company (LTC) is the exclusive registered agent for non-resident Liberian corporations and other business entities, but that it does not report the fees it receives as registered agent in its financial accounts. The Deputy Minister of Revenue has reported that the international accounting firm chosen to audit LISCR LLC will also audit LTC for the period 2000-2006.

Auditor General's Office

115. Traditionally, the role of government oversight is undertaken by a strong, professional and competent general auditing office under an independent Auditor General appointed for a fixed tenure. Though the current Government of Liberia promised to organize an audit of all ministries, departments and agencies, while ensuring that all National Transitional Government of Liberia officials did not leave the country, no such audit has been done. The Government of Liberia has also failed to implement procedures and penalties for a zero-tolerance policy on corruption. So far, only EC-sponsored audits of FDA and LPRC have been completed.

116. As budget allocation grows, it is important that the General Auditing Office be strengthened in order to ensure that the appropriate level of accountability and oversight is instilled so that revenue can be used most effectively.

Refund of misappropriated pre-shipment inspection fees

117. Previous reports (S/2005/745, annex, para. 95, S/2006/379, para. 105, and S/2006/976, para. 110) documented the apparent misappropriation of pre-shipment inspection fees by Bivac. The most recent of those reports stated that Bivac had agreed to refund the Government's share of that money. The Deputy Minister of Revenue reported that the Government of Liberia had levied a penalty and interest of $22,000 along with the refund of $48,000. However, Bivac has still not produced documents to demonstrate that it has paid the money it owes.

Conclusions and recommendations

118. Liberia's financial position is steadily improving under the present Government. The Government has begun addressing some of the past shortfalls in revenue and overstated or false expenditures, and this is to be welcomed. To encourage a new standard of transparency, the Government of Liberia needs to continue its vigilance so that the lifting of sanctions will provide government revenue for the benefit of Liberians rather than becoming a source of conflict.

119. The recommendations of the Panel are as follows:

(a) The General Auditing Office should be provided with adequate infrastructure and qualified manpower. The International Organization of Supreme Audit Institutions may be requested to provide additional qualified manpower for the initial three to five years;

(b) The new Auditor General should audit the annual accounts of all important ministries and departments and major revenue-generating parastatals since October 2003. Those found guilty of misconduct should be prosecuted;

(c) The payment of import duties and sales tax by petroleum and rice importers should be audited by the General Auditing Office and a report submitted within three months. Effective pre-shipment inspection of petroleum imports should begin immediately. The Ministry of Finance needs to work with LPRC to ensure that each importer's arrears are paid before it can take any more petroleum products from LPRC tanks;

(d) LISCR LLC and LTC should be audited, and austerity measures introduced in order to restore government revenues to the levels of 1997-2000;

(e) All donations and contributions made by State-owned enterprises to National Transitional Government of Liberia and Government of Liberia functionaries should be investigated to see that they have been used appropriately;

(f) All GEMAP financial controllers should attend the Board meetings of their respective State-owned enterprises and submit a monthly status report on those enterprises to the Minister of Finance;

(g) IMF should include the recommendations of the Panel of Experts as benchmarks in its annual staff-monitored programmes.

V. Assets freeze

120. Seventeen months after it assumed power, the new Government of Liberia has not yet frozen the assets of any individuals or entities designated in pursuance of Security Council resolution 1532 (2004). The position of the Government is that the present laws are inadequate to implement the assets-freeze resolution. The Minister of Justice reported that in December 2006 she had submitted draft implementing legislation to the Executive Mansion, but that the bill had not reached the President. Therefore, in mid-April 2007 she gave the bill to the Minister of State for Presidential Affairs to give to the President directly.

121. As of mid-May 2007, the bill had not yet been approved by the President and forwarded to the National Legislature. Further, the fate of the legislation appears uncertain given that two prominent members of the House of Representatives (Jewel

Howard Taylor and Edwin Snowe) are on the assets-freeze list (and are still receiving salaries and allowances from the Government of Liberia).

122. Elsewhere, however, the assets of several designated individuals and entities have been frozen (see table 4).

Table 4
Assets frozen in compliance with Security Council resolution 1532 (2004)

Country	*Individual/entity*	*Type of assets*	*Value*
France	M. A. Salame	Bank accounts	€784,142
	M. Moussa Cisse	Bank accounts	€16,883
	G. Kouwenhoven	Bank accounts	€32,725
Germany	L. Y. Minin	Bank accounts	€2,089
Italy	L. Y. Minin	Bank accounts	Not available
		Investment in Damil SAS	Not available
Lebanon	M. A. Salame	Bank accounts	$2.54 million
	Ali Ramadan Kleilat al-Dilby	Bank accounts	Not available
	Edwin Snowe	Bank accounts	-$141,768
Syrian Arab Republic	Ammar Mamdouh Chickakli	Bank accounts	$128,000
United Arab Emirates	Valeriy Naydo	Bank accounts	$338
		Blocked Western Union transactions	$1,948
	Airbas Transportation Inc.	Bank accounts	$10,858
United Kingdom	Agnes Reeves Taylor	Bank accounts	£22,400
	San Air	Insurance company	£173,506
	Victor A. Bout	Bank accounts	£1,227
	Irina Shlyam (wife of Leonid Minin)	Bank accounts	£70,255
United States	Benoni Urey	Real estate	$695,000
	Victor A. Bout	Investments in companies	Approximately $1.65 million

123. The Permanent Mission of Ghana reported that Barclays Bank of Ghana "no longer holds any funds of Ms. Grace Minor, having released such funds on a quarterly basis to Ms. Minor, as requested by the Government of Ghana and sanctioned by the United Nations Security Council Sanctions Committee on Liberia". Note, however, that though the Government of Ghana had approached the sanctions Committee on 25 August 2005 regarding the Government's intention to authorize certain expenditures to the benefit of Ms. Minor, Barclays Bank had already released 90 per cent of the balance within 15 days of her designation on the assets-freeze list in August 2004.

124. The Permanent Mission of the Syrian Arab Republic furnished financial details for Ammar Mamdouh Chickakli. The Panel contacted several countries, including the United States of America, the United Kingdom of Great Britain and Northern Ireland, France, Nigeria, Ghana, the Gambia and the United Arab Emirates, for

updated information. While no response has been received from Nigeria, Ghana or the Gambia, there were responses from the United States, the United Kingdom, France and the United Arab Emirates and their information has been included in table 4.

Provision of assets

125. In addition to freezing assets, resolution 1532 (2004) prohibits the provision of funds, other financial assets or economic resources, directly or indirectly, for the benefit of the persons on the assets-freeze list.

Dummy Chairman of the Lonestar Board

126. In a previous report (S/2005/360, annex, para. 185), the Panel reported that two close advisers of former President Charles Taylor, Benoni Urey and Emmanuel Shaw, represented PLC Investment Ltd on the Board of the Lonestar Communications Corporation from 2000 to 2005. Presumably because Urey and Shaw are on the assets-freeze list, and their presence on the Lonestar Board was made public in June 2005, they replaced themselves with two low-profile individuals, S. Layola Flemming, a Liberian national, and Amos Affuol, a Ghanian national.

127. In the course of its investigations, the Panel met S. Layola Flemming, the Chairman of the Board of Lonestar. He represents PLC on the Lonestar Board and is the only Liberian on the Board. However, he did not know that he was the Chairman of the Board. He told the Panel that he was not receiving any remuneration from Lonestar. He did not know that as Chairman he was being paid $6,000 monthly (payments confirmed by the General Manager of Lonestar). He simply admitted that he had acted as a proxy director of Lonestar at one Board meeting, about two years before. Indeed, he was not aware that in 2006 Lonestar paid a dividend of $3.2 million to PLC.

Fraudulent accounting

128. When notified of the apparent tax evasion, the Deputy Minister of Revenue stated that she had issued a notice to Mr. Urey and Mr. Shaw to produce the tax returns for PLC for the last six years (2000-2006), as no tax payment records could be located in the Ministry of Finance. The Deputy Minister of Revenue informed the Panel that Mr. Urey had informed her on 11 May 2007 that his company was incurring huge losses and that his company had employed VOSCON to prepare its accounts — the same certified professional accounting firm used by GEPCO (see para. 97).

129. A previous Panel report (S/2006/976, paras. 154-155) provided allegations of investment by Charles Taylor in Nigeria. However, those allegations could not be confirmed during any of the Panel mandates, as the Government of Nigeria has not responded to the Panel's repeated requests to visit Nigeria to collect information and meet relevant Government officials.

VI. Socio-economic and humanitarian impacts of sanctions

Overview of the humanitarian and socio-economic situation

130. As a result of the 14-year conflict in Liberia, all socio-economic indicators in 2000 were worse than in 1990. However, there have been some slight improvements in the provision of basic services in health, education, food security, shelter and water and sanitation since 2003, clearly attributable to the investments by the international community in those sectors. For example, according to the Ministry of Health, approximately $55 million was spent in the health sector alone during 2006 and 2007. Of that amount, the contribution of the Government of Liberia was $9.4 million. The remainder was channelled through United Nations agencies and their non-governmental organization partners.

131. Since the end of hostilities in Liberia in 2003, approximately 700,000 people have returned to their communities. All 35 camps for internally displaced persons were officially closed in April 2006. Along with the challenges posed by resettlement of the former internally displaced persons, an estimated 110,211 Liberian refugees in asylum in Guinea, Sierra Leone, Côte d'Ivoire, Ghana, Nigeria and elsewhere have been repatriated.

132. After being completely destroyed and/or looted during the conflict, basic services and community infrastructure in the counties receiving large numbers of returnees — such as Bong, Lofa and Nimba — remain drastically inadequate. According to the Office of the United Nations High Commissioner for Refugees, almost 65 per cent of the population does not have adequate shelter, and health facilities are scantily distributed, with an average walking distance of three hours to the nearest clinic or hospital. Less than 30 per cent of the population has access to safe drinking water, while less than 25 per cent has access to safe and hygienic sanitation facilities. At the same time, there is evidence of significant investments by the international community in the restoration of basic services and rehabilitation of public infrastructure.

Impacts of economic sanctions on Liberia

133. A comparison between pre-war (pre-sanctions) levels, current provisions and international standards in the delivery of basic services such as water, education, health, sanitation and shelter shows a significant improvement in current provisions. On the other hand, their availability, in line with international standards, remains a serious challenge for Liberia.

134. The visible and verifiable impacts of the timber sanctions included (a) the loss of direct employment by approximately 5,000 to 8,000 logging-industry employees, (b) a drop of over 50 per cent in foreign income for the Government of Liberia, (c) a collapse of the informal rural economies that were supported by the logging and mining industries and (d) a deterioration of roads in logging concession areas, in the absence of regular maintenance by the logging companies.

135. On the other hand, it must be understood that when Charles Taylor was President the Government of Liberia received substantial revenues from the timber and diamond sectors (see S/2003/779, annex, paras. 8 and 33-34), and there is ample evidence that his Administration did not use the income from the exploitation of natural resources for the welfare of Liberians. Rather, much of the revenue went

towards fuelling the conflict and enriching a small group of privileged business associates, political allies, loyal fighters, friends and family members.

136. Against this background, it could now be argued that the most significant positive impact of the sanctions, in addition to ending the factional fighting over the resources, is that the Government and its international partners were compelled to undertake a systematic and comprehensive set of reforms in the natural resources sector. This involved a wide range of stakeholders that helped to ensure a comparatively transparent and participatory reform process, thus laying the foundation for enhancing the role of civil society and the local communities in helping to steer and monitor the sector in the future.

General observations from impact assessments

137. The Panel undertook monitoring visits in April and May 2006 to timber economic centres in Grand Bassa, River Cess, Sinoe, Lofa, Nimba, Gbarpolu, Grand Cape Mount, River Gee and Grand Kru Counties.

138. During the field visits, which took place six months after the Panel's previous assessment, it was observed that expectations remained high among the populations in the timber- and diamond-producing areas about job creation prospects and the revival of the local economies, especially instigated by the lifting of the timber and diamond export bans. Urgent attention must be paid to the county administration authorities, the gatekeepers of Liberia's natural wealth, through the quick creation of enabling conditions to attract civil servants, as well as small-, medium- and large-scale investments, especially in the agricultural sector.

139. In view of the historic reliance of Liberia's pre-war economy on the mining and timber sectors, the contribution of mining to Liberia's future sustainable development will substantially depend on the leadership's ability to tackle simultaneously issues related to land reform, high unemployment and sustainable natural resource management, as a part of its peace consolidation strategy. In order to achieve this, the Liberian leadership must continue to demonstrate its commitment to fostering a transparent relationship between the Government, the mining and logging companies and the communities. Such a commitment should translate into better infrastructure and more jobs, schools and health and community facilities for ordinary Liberians in the nearest possible future.

140. Despite the difficult socio-economic conditions still prevailing in much of Liberia and the monumental systemic problems facing its leadership, there is a great deal of enthusiasm and hope inherent in the attitudes of many ordinary Liberians and donors alike. Such hope for a better future for Liberia is founded on the popularity and respectability of the country's leader, her outspoken stance against corruption and the tangible support demonstrated by Liberia's international partners in recent times. This international support was echoed at the Partners Forum meeting in Washington, D.C., in February 2007, where the African Development Bank, the World Bank, IMF, the United States Government, the European Union and other key partners recognized the tremendous progress made by the Liberian Government during the first year of President Johnson-Sirleaf's Administration. The meeting strongly supported the strategic priorities articulated in Liberia's development strategy (interim poverty reduction strategy paper). The meeting also welcomed the key reforms aimed at private sector development, including the passage of key legislation in the areas of forestry and procurement, the

comprehensive review of contracts and concessions and the review of the investment incentives regime.

VII. Arms

Economic crime

141. Military-economic networks established during the war years are gradually being superseded as people seek to make a living in accordance with evolving political-economic realities. While this is a positive development, there is a need for the Government of Liberia to aid this process by establishing rule of law and financial accountability so that economic activity takes place within a regulated framework.

142. In River Cess, the increasing control of the timber trade by FDA has meant that General Koffi no longer has authority over trade conducted in the area of Yapa Town. Rather, he has turned to gold mining, over which the Government has a more tenuous grip. Many ex-combatants in the River Cess area are currently employed in the informal and illegal mining sector in places such as Gbokhon and Sand Beach.

143. The Firestone rubber plantation continues to see an escalation in crime related to illegal rubber tapping. Firestone estimates that from 10 to 20 tons of rubber is stolen per day from the plantation (the lower figure in the wet season and the higher figure in the dry season), representing up to $16,900 a day.

144. The Firestone Plant Protection Division is encountering difficulties in combating a rise in violent crime, and LNP has dispatched 20 unarmed officers from the Police Support Unit to the plantation. On 16 February 2007, a Plant Protection Division officer and a Police Support Unit officer were shot and injured, and on 27 February 2007 assailants threw acid in the face of a Plant Protection Division officer. From January to April 2007 the Plant Protection Division handed over 289 people it had detained for illegal tapping to the local LNP for prosecution. During the National Transitional Government of Liberia period, personnel in Firestone trucks were observed buying rubber in areas near the Guthrie plantation where ex-combatants under LURD leadership were illegally tapping.

145. On 12 March 2007 an UNMIL Pakistani quick-reaction force started a three-week operation to patrol the plantation. There followed a dramatic fall in the number of Plant Protection Division arrests, from 73 in the month before to 32 the following month.

Guinea recruitment

146. The Panel ascertained that there was a clandestine recruitment process in Liberia to contract ex-combatants to travel to Guinea in support of President Lansana Conté. The recruitment process is believed to have begun as early as October 2006 and culminated around 10 or 15 January 2007, during which time small groups of unarmed men crossed border points along the frontier of Lofa and Nimba Counties. While most used regular transport, some were disguised as helpers on trucks carrying goods.

147. Around 20 January 2007, a highly placed Guinean government official in Macenta saw about 150 young men boarding minibuses in the centre of town

destined for the capital. It appears that the group of young men was not welcomed by the Guinean military and that, although they reached the environs of Conakry, they were not part of the crisis that later evolved in the capital on approximately 22 January 2007.

148. Another group of opportunist ex-combatants, including United Liberation Movement for Democracy in Liberia/LURD commanders Lancassa, Yandabakssa and Morris Kamara, travelled from Liberia in early 2007 with a view to profiting from the potential destabilization of Guinea.

149. A number of towns were caught up in civil disturbances, including Macenta and N'Zerekore. Macenta was the scene of major disturbances on 12 February 2007, during which four people died and the house of Aicha Conneh, estranged wife of the former LURD leader Sekou Conneh, was burnt down by an angry mob in retaliation for her perceived involvement in the recruitment process. Illicit weapons were reported to be circulating, and automatic gunfire was heard around the town.

150. Some Liberians and a large number of Nigerian traders resident in Liberia were arrested and imprisoned by the Guinean authorities. Many of them were innocent civilians returning overland from the Christmas holidays, using the route through Guinea as means of bypassing instability in Côte d'Ivoire. Seventeen of those arrested in Macenta on 20 February 2007 were transferred to the military NP3 prison in Conakry, where they reported a number of other Liberians were also being held.

151. Three cross-border armed robberies took place from Guinea into Liberia during this period of instability. Gunmen robbed the residential compound of the American Refugee Committee in Voinjama on 2 and 11 February 2007. On 11 March 2007, the Christian Children's Fund/Cooperative Housing Foundation compound in Zozor was robbed. An UNMIL police unit intercepted the assailants in a stolen vehicle as they tried to escape at the Guinea/Liberia border point of Konadu. Sekou Keita (also known as "Monkey", a LURD fighter (see annex VI)) was shot dead. The two other accomplices, one wounded, escaped across the border to Guinea and were later seen in the vicinity of Macenta.

Border control

152. Liberia's borders remain porous.

153. In May, pirates armed with machetes overpowered the crew of the Bulgarian-owned cargo ship *Tohoma Reefer* as it sat outside the Freeport of Monrovia awaiting repairs. UNMIL responded to the situation by sending out a helicopter that located the stolen vessel being towed in the direction of Ghana by two fishing boats, but they were unable to help retrieve the vessel. The Government of Liberia later arrested two suspects, both LNP officers, one of whom was retired, in connection with the piracy. The whereabouts of the stolen ship remains unknown.

Armed Forces of Liberia

154. In April 2007, AFL graduated its first batch of 106 newly vetted and trained soldiers. The next batch of 500 recruits, who were supposed to start training in February 2007, are on standby until United States Government funding resumes. The plan is for an army of 2,000, consisting of two battalions, to be trained by 2010.

155. To achieve this, the United States Government is increasing the number of training mentors from 8 to 43. It estimates that the project will cost about $200 million, which includes the initial provision of weapons and ammunition as well as the renovation of the Kessely barracks outside Monrovia. The payment of the troops remains the responsibility of the Government of Liberia .

Weapons remittance

156. From January to May 2007, 22 AK-47s, 10 sub-machine guns, 2 RPG launchers, 1 pistol and 10 single-barrel shotguns were handed in to UNMIL. Some 19,777 rounds of 7.62 mm x 39 and 40 rounds of 14.5 mm ammunition, 99 RPG shells and charges, 17 grenades, 12 40 mm grenades, and 11 60 mm mortar shells were also handed in.

157. On 11 May 2007, the Panel visited the armoury of AFL to inspect weapons and ammunition, noting the presence of light machine guns and 82 mm mortars, which were being supplied by Zastava, the same Serbian factory that delivered material to then-President Charles Taylor in 2002 in contravention of the arms embargo.

158. On 24 May 2007, the Panel visited the armoury of the Special Security Service at the Executive Mansion in Monrovia. It was empty, since all the weapons were being used by members of the Service. An earlier UNMIL inspection registered the presence of 11 Colt model M-4s, as well as 20 Glock pistols. Three Glock pistols are in the vault of the Director of the Special Security Service, Chris Massaquoi.

159. On 24 May 2007, the Panel visited the armoury at the LNP headquarters in Monrovia, which contained 50 Beretta 92 FS pistols, all marked with the letters "LNP". UNMIL makes monthly inspections of the armoury. The Panel also noted the presence of 14 AK-47s, 3 Uzi sub-machine guns (only one of which was serviceable), 1 M-16 rifle, 5 single-barrel shotguns, 1 HK G3 rifle (unserviceable), 1 RPG rocket and 395 rounds of ammunition. These items had been seized by LNP. None of the Beretta pistols are in use owing to lack of ammunition, which is expected to be transferred to LNP from the Special Security Service. A list of officers selected to carry the firearms has been established.

Liberian National Police

160. With the assistance of United Nations police, LNP is reforming but still suffers understaffing, especially in the counties.

161. From the start of recruitment in May 2004 to April 2007, 6,855 people applied to join LNP, of whom 2,479 graduated from the Police Academy. A further 1,069 are undergoing training at the Police Academy, which means that 3,548 will have graduated in total by June 2007. However, there are currently only 1,493 vetted and trained LNP officers on duty, of whom 288 are probationary.

162. The authorized force strength for Liberia's 15 counties is 4,048. The United Nations police expect to have full deployment levels in each county by the end of December 2007.

163. The Government of Liberia is facing difficulties in maintaining LNP deployment in the interior. LNP estimated that in February alone 170 officers were absent without leave. This can be attributed to a number of factors, including lack of incentive because of low pay ($90 a month), lack of facilities and low morale.

164. The Panel visited Barclayville, in Grand Kru County, in April 2007 and found five officers, all male, operating out of a private home with one of the rooms serving as a cell. The owner of the house had recently filed to evict the policemen. The Barclayville station had recently gained possession of a patrol car but officers complained that the Ministry of Justice was not providing fuel for it. They were therefore required to walk to nearby villages to perform their duties.

165. United Nations police figures for April 2007 indicate that there are 12 officers on duty in Grand Kru County, for which the authorized deployment strength is 212.

166. As part of the security sector reform, the Government of Liberia is proceeding with plans to establish a quick-reaction unit as a robust, better-equipped force to deal with more serious internal security threats. The force will comprise about 500 personnel and will be drawn from existing members of the Police Support Unit and other officers of LNP. The quick-reaction unit is designed as an armed unit capable of responding to domestic threats. Training of the first batch of 110 personnel is scheduled to commence in the latter half of 2007.

167. It is hoped that LNP will begin armed patrols in conjunction with UNMIL formed police units as a first stage of the reintroduction of weapons into Liberia. Some 50 handguns are currently maintained in an armoury at the LNP headquarters in Monrovia. The Security Council Committee concerning Liberia has granted a waiver that will allow LNP to borrow ammunition from the AFL Special Security Service so that officers can commence using the weapons on active duty.

Private security

168. There has been an increase in the number of private security firms operating in the country since the end of the war. All companies must be certified with the Ministry of Justice. Twenty-six companies have registered with the Ministry in 2007, but the Director of Public Safety at the Ministry was concerned that some international companies, such as Dyncorp and PAE, had not.

169. The Division of Public Safety at the Ministry of Justice has introduced a set of guidelines that task the National Police Training Academy with the responsibility of training or retraining all security units operating in the country. While this is a positive development, there still does not exist any legislation to govern the activities of private security companies, including vetting requirements and operational guidelines.

Prisons

170. The Panel conducted visits to correction facilities in Monrovia, Harper and Zwedru.

171. The Monrovia Central Prison continues to suffer from severe overcrowding. During a visit on 21 May 2007, of the 647 people currently detained only 30 had been sentenced. Understaffing has meant that on occasion there has been only one local staff member present at the prison, and the small number of staff has also meant that routine searches of cells have become almost impossible. An UNMIL formed police unit posted at the main gate continues to act as a deterrent to potential breakouts, but despite that measure 57 people escaped in a single incident on 26 November 2006.

172. The newly renovated block at the Monrovia Central Prison is ready but awaiting an agreement on operational guidelines from LNP before it can be utilized.

173. Legal detention centres do not exist in a number of counties. On a visit to Cestos City in River Cess County, the Panel found six individuals, all in pre-trial detention, sharing a rudimentary windowless room in a derelict building that housed a Magistrates' Court. They slept on the rough sand floor, using foam mattresses and blankets, but were usually allowed to sit outside during the day. An UNMIL human rights officer was not aware of any sentenced person being sent to jail. In one case, a presiding judge fined a man 2,500 Liberian dollars for flogging his son severely. The judge said he would have sent him to prison if the appropriate facilities had been available.

174. A newly renovated maximum-security prison 7 km outside Zwedru is awaiting electricity and lighting before it can become operational. The head of United Nations police corrections in Zwedru estimated it would be opened by August 2007. The prison is designed to accommodate 126 inmates. Its primary function will be to accommodate sentenced prisoners, although the unarmed status of LNP means that operational security arrangements will need to be organized with UNMIL.

Justice sector

175. As noted in the previous panel report (S/2006/976, paras. 173-179), there are problems with the gathering of evidence, serious difficulties in bringing cases to trial, mismanagement in the application of bail, corruption in the judiciary and a large number of people in detention whose cases have been "lost" in the legal system.

176. In Criminal Court C, which is assigned to try armed robbery cases, not a single person has been indicted or tried in the past six months, even though there are currently 47 pre-trial detainees and only 1 person convicted of armed robbery in Monrovia Central Prison.

177. There are credible allegations of bribery within the justice sector. Of particular note is the use of "professional" jurors who attend court in anticipation of being paid. By statute, jurors are paid 20 Liberian dollars for each day of service (equivalent to 25 United States cents). It is routine for the foreman to openly solicit money from the trial judge, who in turn asks both the prosecution and defence to provide additional funds for the jurors.

178. A lack of qualified defence and prosecution lawyers means that many cases remain unheard. A recent UNMIL human rights report notes that in the November term no cases were heard at all in Sinoe, River Gee or Gbarpolu Counties and that the 10 cases pending in Gbarpolu County Circuit Court included three murder and three rape cases.

179. In February 2007, the Government of Liberia outlawed trial by ordeal using the poison "Sassywood". However, the law of the hinterland permits ordeals of "a minor nature and which do not endanger the life of the individual". In October 2006, LNP and United Nations police uncovered systematic abuse and illegal detention of 37 people, of whom 34 were women. Authorities in Boutuo, Nimba County, had overseen the process whereby victims were accused of witchcraft and tortured if they were unable to pay a fine of 3,500 Liberian dollars to stop the trial.

180. The issue of the copyright status of the Liberian Law Codes and Records has been impeding the reproduction and dissemination of those materials. Liberian Law Reports Inc., a company headed by Councillor Philip Banks, is claiming copyright over work that it carried out on the Liberian Law Reports Supreme Court Opinions, volumes 28 to 39, even though it did so under a paid contract with the United States Government. Having corresponded with the United States Department of Justice, which oversaw the work, the Panel believes that the company's grounds for claiming copyright are questionable and ethically dubious.

181. The Panel recommends that an electronic version of the work carried out by Liberian Law Reports Inc., under contract with the United States Government be supplied to the Government of Liberia for the benefit of the nation, in keeping with policy of the United States Agency for International Development on copyright authorization.

182. Issues surrounding further training within the judiciary are complex owing to the lack of educated personnel. For example, there are just three law-trained (holding a university law degree) magistrates in the 148 magistrates' courts in the country, each court is budgeted to have one stipendiary magistrate and two associate magistrates. Under the New Judiciary Law, enacted in 1972, the stipendiary magistrates are required to be attorneys at law, which requires a degree in law plus two years' legal practice.

183. The judiciary itself could make substantial improvements without legislative reform. The Chief Justice has championed a public defender programme, funded by UNMIL with technical support and initial impetus from PAE, in order to represent indigent accused.

184. However, the Chief Justice does not participate in any of the donor-Government coordination mechanisms. Those meetings are chaired by representatives of the executive branch, so his participation would contravene the principle of separation of powers by subordinating the judicial branch of government to the executive branch.

Travel ban

185. Simon Rosenblum violated the travel ban when he crossed from Côte d'Ivoire to Liberia using a car with Ivorian diplomatic number plates on 28 January 2007 at the crossing point of Logatuo.

186. Benjamin Yeaten is still believed to be living predominantly in Togo, although occasionally travelling to Côte d'Ivoire. He entered Togo in 2003 under the pseudonym James Diah.

187. Chief Cyril Allen notified UNMIL that he had travelled to Nigeria from 27 April to 3 May 2007 to bury his parents and file a copy of his father's will.

Côte d'Ivoire

188. On 19 May 2007, a meeting was organized for the disarmament of the militias in Guiglo, western Côte d'Ivoire. Members of the Lima Forces spéciales (FS) militia (in which Liberians are believed to be active) based in Toulepleu were present, as was Adana Keita, a businessman connected with the militia Front de libération du Grand Ouest, who was previously identified as recruiter of ex-combatants in

Liberia. Liberian Thomas Nimley Yaya, former Minister for Foreign Affairs under the National Transitional Government of Liberia, also attended, representing the now-defunct Liberian MODEL faction of which he was the head, and which was known to be closely related to Lima FS. According to the Ivorian authorities, 1,027 weapons were surrendered. However, many of those were shotguns. Some 241 assault rifles (mainly AK-47s), 3 RPG launchers and one 82 mm mortar were among those handed in. Many of them appeared to be in very bad condition. In accordance with the Ouagadougou peace accord, only 15 days are allocated for the disarmament of the militias. In contrast with the Liberian disarmament process, in which ex-combatants received $350, the United Nations has earmarked $950 for each combatant in Ivory Coast. However, Minister Guillaume Soro, former head of the Forces nouvelles, did not attend the disarmament ceremony and serious questions remain as to what extent the militias on both sides of the divide will actually disarm.

Annex I

Meetings and consultations

Belgium

European Commission, West Africa Division
European Union Permanent Representatives: France, Sweden, United Kingdom of Great Britain and Northern Ireland
Antwerp Diamond High Council
World Diamond Council

Canada

Department of Foreign Affairs, Industry and Trade

Denmark

Ministry of Foreign Affairs/Agency for Danish International Development Assistance
United Nations Development Programme — Denmark

France

Ministry of Foreign Affairs

Guinea

État-Major Défense

Ireland

Department of Foreign Affairs

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

Liberia

Government

Vice-Chairman
Ministry of Agriculture
Ministry of Finance
Ministry of Commerce and Industry
Ministry of Foreign Affairs
Ministry of Defense
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

Diplomatic

Guinea (Consular)
France (Humanitarian Attaché, Consular Attaché)
United States of America
United Kingdom of Great Britain and Northern Ireland

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
West Oil Investments Inc.
Monrovia Oil Transport Corporation
Aminata & Sons
Lonestar Communications Corporation
CellCom
Mano River Resources

Sierra Leone

Government

Protocol
National Security Commission
Sierra Leone Police
Sierra Leone Army
Sierra Leone Customs

Multilateral and bilateral agencies

Special Court for Sierra Leone
United Nations Mission in Sierra Leone

Private sector sources

United Kingdom of Great Britain and Northern Ireland

Bilateral and multilateral agencies

Royal Institute of International Affairs
Global Witness
Bank of England
International Organisations Department
Foreign and Commonwealth Office

Annex II

Fraudulent letter from the Ministry of Justice used to obtain clearance for a shipment of scrap metal, which was actually a shipment of timber

Monrovia, Liberia

March 22, 2007

Hon. Togbah Nyangana
Managing Director
National Port Authority
Bushrod Island
Monrovia, Liberia

Mr. Managing Director

With compliments, the Ministry of Lands, Mines & Energy has issued a License and CLEARANCE to EDGAL, INCORPORATED for productions and Export.

Following a critical review, the Ministry of Justice has CLEARED total of (30) Thirty-foot containers of General scrap material at LEC Yard Bushrod Road Plant for export.

This permit is valid up to the 22 April 2007.

Hereto attached is a photo copy of said request from the Ministry of Lands, Mines & Energy.

Kind regards.

Yours truly

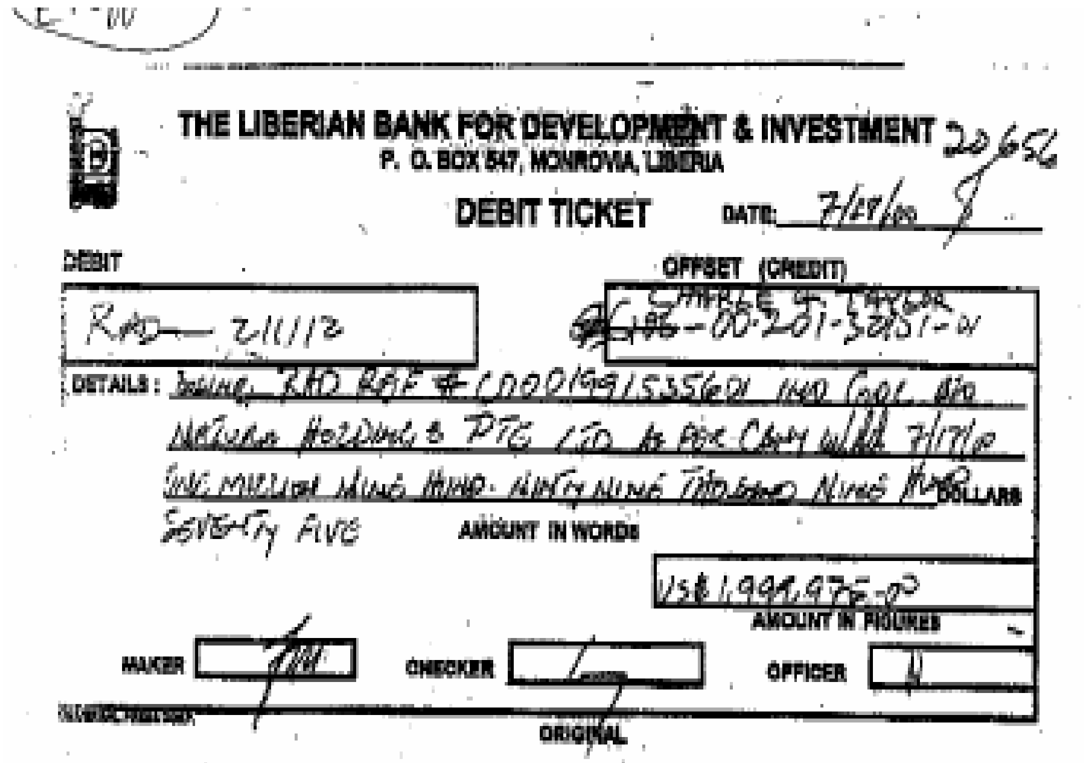
Cllr. Ceainch D. Clinton Johnson
DEPUTY MINISTER OF JUSTICE
FOR ADMINISTRATION & PUBLIC SAFETY
REPUBLIC OF LIBERIA

MINISTRY OF JUSTICE R.L.

CC: EDGAL, INCORPORATED

Annex III

Debit ticket for deposit of $1,999,975 on 8 July 2000 from Natura Holdings (associated with the Oriental Timber Corporation) to Charles Taylor's personal bank account



THE LIBERIAN BANK FOR DEVELOPMENT & INVESTMENT

P. O. BOX 547, MONROVIA, LIBERIA

DEBIT TICKET

DATE:

DEBIT

OFFSET (CREDIT)

CHARLES G. TAYLOR

DETAILS:

Natura Holdings PTE LTD

DOLLARS

Seventy Five

AMOUNT IN WORDS

US$1,999,975.00

AMOUNT IN FIGURES

MAKER

CHECKER

OFFICER

ORIGINAL

Annex IV

Bank statement for Charles Taylor's personal bank account documenting a deposit on 18 July 2000

LIBERIAN BANK FOR DEVELOPMENT AND INVESTMENT

HEAD OFFICE BRANCH (US DOLLAR)

Ashmun & Randall Sts.
P. O. Box 547
Monrovia, Liberia

00.201-32851-01 (32851-01)
TAYLOR, CHARLES G.
US DOLLAR
CHECKING ACCOUNTS - PERSONAL

CHARLES G., TAYLOR
CONGO TOWN

MONROVIA,LIBERIA

THIS STATEMENT COVERS 01 Jul 2000 THROUGH 31 Jul 2000

Trx Date	TxRef	Details	Chq No	Value Date	Debits	Credits	Balance	Payee
Jul. 2000								
01	0000	BALANCE B/F				3,274.00	3,274.00	
11	19577	COMM ON TCO			-3,000.00		274.00	
11	19559	TR CHECK CASHED	000002		-100,000.00		-99,726.00	
11	19559	PER DEBIT CHARGE			-1.10		-99,726.[illegible]	
17	20071	T2 CHECK CASHED	000003		-250,000.00		-349,726.70	
17	20071	PER DEBIT CHARGE			-1.10		-349,727.80	
18	20650	RAD INO C.G.T. B/O NATURA HOL				1,980,075.00	1,630,347.[illegible]	
18	20650	COM ON RAD DD 7/17/00			-28,000.00		1,630,347.[illegible]	
18	20651	PER DEBIT CHARGE			-1.10		[illegible]	
18	20750	TR CHECK CASHED	000001		-240,000.00		1,383,346.[illegible]	

Annex V

Certified statement of account between Natura and the Ministry of Finance and the Forestry Development Authority

The statement, signed by Gus Kouwenhoven (as President of Natura), Juanita Neal (as Deputy Minister of Revenue) and Bob Taylor (as Managing Director of FDA, who is also Charles Taylor's brother) dated 14 June 2001, indicates that Natura received a $2 million credit force tax advance to the Government of Liberia on 17 July 2000, which corresponds with the deposit made to Charles Taylor's personal bank account (see annexes III and IV).

REPUBLIC OF LIBERIA

MINISTRY OF FINANCE

MONROVIA, LIBERIA

CERTIFICATED STATEMENT OF ACCOUNT
BETWEEN
NATURA LIBERIA INCORPORATED AND THE MINISTRY OF FINANCE AND FDA

To Whom It May Concern:

After having verified the various payments made by NLI (Natura Liberia Incorporated) to GOL (Government of Liberia) or on behalf of GOL and the obligations due by NLI to GOL, we, the Ministry of Finance and FDA, on behalf of the Government of Liberia certify the following statement:

	Credit USD	Debit USD	Balance USD
Tax advance to GOL on July 17, 2000	2,000,000.00		2,000,000.00
Taxes and fees due to FDA and MOF		592,763.25	1,407,236.75

The above accounts are including all payments and charges up to May 31, 2001 and NLI has as of this date a certificated credit of USD1,407,236.75 (US Dollars: One million four hundred seven thousand two hundred thirty-six and cents seventy-five only.)

Signed Monrovia, June 14, 2001

For Natura Liberia Incorporated

Gus Kouwenhoven
PRESIDENT

For the Ministry of Finance

[illegible]
Juanita [illegible]
DEPUTY MINISTER [illegible] REVENUE

For The Forestry Development Authority

[illegible]
MANAGING DIRECTOR

Annex VI

Identification card of Sekou Keita (also known as "Monkey"), a Liberians United for Reconciliation and Democracy fighter killed in an armed robbery on the Guinea/Liberia border near Voinjama

Annex VII

Millennium Development Goal indicators in Liberia

Millennium Development Goal outcome objectives	*Indicators in Liberia*	*Year of measurement*
Goal 1: Eradicate extreme poverty		
Proportion of population below national poverty line ($1/day)	76.2 per cent	2001
Proportion of underweight children (under 5)	27 per cent	2006
Goal 2: Achieve universal primary education		
Net enrolment ratio in primary education	50-60 per cent	2006
Proportion of pupils starting grade 1 who reach grade 5	31.2 per cent	2001/2002
Literacy rate of those 15 to 24 years old	55.9 per cent	2003
Goal 3: Promote gender equality and empower women		
Ratio of boys to girls in primary education	0.73	2000
Ratio of literate women to men (15-24 years old)	0.67	2000-2004
Proportion of seats held by women in National Legislature	14 per cent	2004
Goal 4, target 5: Reduce child mortality by two thirds		
Under-five mortality rate (per 1,000 live births)	235	2004
Infant mortality rate (per 1,000 live births)	157	2004
Goal 5, target 6: Reduce by three quarters the maternal mortality rate		
Maternal mortality rate (per 100,000 live births)	760	2000
Promotion of births attended by skilled health personnel	51 per cent	2000
Goal 6: Combat HIV/AIDS, malaria and other diseases		
HIV prevalence	5.2 per cent	
Death rate associated with malaria	201/100,000	2002
Goal 7: Ensure environmental sustainability		
Proportion of land area covered by forest	32.7	2005
Proportion of population with sustainable access to improved water source	61 per cent	2004
Proportion of people with access to improved sanitation	27 per cent	2004
Goal 8: Develop a global partnership for development		
Donor inflows projected to decline from 43 per cent of GDP in 2005 to 31 per cent of GDP in 2011, reflecting the phased withdrawal of UNMIL troops and a decline in humanitarian aid		

Sources: United Nations Mission in Liberia, Liberia Institute for Statistics and Geo-Information Services, Ministry of Planning and Economic Affairs.

Annex VIII

Livelihood activities and sources of income

	Percentage of households involved in income-generating activities															
	Bomi	*Bong*	*Grand Bassa*	*Grand Cape Mount*	*Grand Gedeh*	*Grand Kru*	*Lofa*	*Margibi*	*Maryland*	*Montserrado*	*Nimba*	*River Cess*	*Sinoe*	*River Gee*	*Gbarpolu*	***Total***
Food-crop production	23	57	58	14	37	60	24	34	66	30	55	27	53	50	32	**41**
Cash-crop production	5	16	24	1	3	10	9	3	19	1	28	3	4	5	6	**11**
Ocean fishing	0	1	3	8	0	16	0	2	4	0	0	2	1	0	1	**2**
Inland fishing	2	33	26	9	10	52	8	20	32	1	13	6	10	3	8	**14**
Trapping/hunting	4	5	7	12	45	18	18	1	14	1	6	32	30	31	31	**11**
Petty trade/small-scale business	16	41	18	16	33	24	15	22	33	46	26	17	32	35	16	**28**
Processing/selling of fish/snails	1	0	2	3	7	9	3	5	1	1	2	2	1	1	1	**2**
Processing/sale of palm oil/palm nuts	46	37	42	20	19	22	57	13	34	18	17	48	36	32	33	**31**
Rubber tapping	21	17	4	1	0	6	1	30	27	8	10	2	6	8	2	**10**
Selling of firewood	0	2	1	4	2	1	1	4	2	3	1	2	2	1	0	**2**
Processing and selling of charcoal	28	4	9	5	0	0	1	28	0	25	1	2	4	0	1	**9**
Sale of sugarcane juice	2	6	2	0	0	9	2	2	12	1	13	0	0	0	1	**4**
Pit sawing	0	1	4	1	0	0	0	0	0	1	1	1	0	0	1	**1**
Mining	2	1	1	3	2	6	0	0	1	1	1	2	1	4	9	**1**
Contract work/casual labour	19	21	8	18	17	10	35	20	11	19	19	2	6	13	19	**18**
Sales of prepared food	2	5	1	6	0	1	1	1	2	1	9	1	1	1	0	**3**
Shopkeeper	1	2	0	1	0	1	0	0	0	1	0	0	0	0	0	**1**
Salary from employer	4	9	2	4	7	13	4	4	11	17	2	6	5	5	5	**7**
Skilled labour	4	3	3	2	2	2	6	3	2	3	4	1	2	2	2	**3**

	Percentage of households involved in income-generating activities															
	Bomi	*Bong*	*Grand Bassa*	*Grand Cape Mount*	*Grand Gedeh*	*Grand Kru*	*Lofa*	*Margibi*	*Maryland*	*Montserrado*	*Nimba*	*River Cess*	*Sinoe*	*River Gee*	*Gbarpolu*	***Total***
Handicraft	4	0	3	1	0	1	1	1	0	2	1	4	1	2	1	**1**
Raising/selling of own livestock	1	3	1	0	1	4	1	0	9	1	3	0	0	0	1	**2**
Raising livestock for others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Begging	1	1	0	1	1	1	0	2	0	5	1	1	1	1	3	**1**
Assistance from relatives/remittances	0	2	1	5	0	0	2	0	2	4	0	0	0	2	1	**2**
Other	0	1	0	1	2	0	0	0	0	3	1	1	0	0	0	**1**