



# **Extractive Industries for Sustainable Development**

## **Project Proposal for Liberia**

**2014-2016**

**United Nations Development Programme  
(UNDP)**

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## I. SITUATION ANALYSIS

### Challenges in consolidating peace and promoting development

Liberia has gone through political instability, a devastating civil war, and economic stagnation for over two decades. A Comprehensive Peace Agreement (CPA) was signed in 2003. With the help of a robust UN mission the country has enjoyed relative stability. Important achievements include disarmament and demobilisation of armed groups, re-establishment of basic government functions and services, provision of basic public safety and security and holding of two consecutive elections.

However, the 2011 acrimonious general and presidential elections indicate that peace remains fragile and that the underlying grievances of the civil war remain unsolved.<sup>1</sup> The UNDP Country Programme Document point to the following factors contributing to this fragility: 1) persistent development deficits, including deeply divided and polarized ethnic communities; 2) weak institutions and a traumatized society. The lack of shared identity in Liberia further complicate Liberia's recovery, as its historical narrative evolves strongly around the privileges enjoyed by the returnees from north in contrast to the feeling of exclusion among the other ethnic communities.

Currently, Liberia ranks close to the bottom on the Human Development Index (2012) and about 84% of its population is poor, living under the \$1.25 a day poverty line.<sup>2</sup> The level of skills is very low, as evidenced by education indicators. Total adult literacy rate in 2007 was 43%, while that of youth was 49%<sup>3</sup>. Net enrolment rate in primary and secondary schooling is 38% (41% for boys and 36% for girls)<sup>4</sup>. Unemployment and vulnerable employment are major problems. Unemployment is particularly high among youth, which constitute about 65 % of the population.<sup>5</sup> Of the estimated 1.4 million<sup>6</sup> of Liberia's working population, about three-quarters work in the informal sector.<sup>7</sup>

BCPR's Multi-Year Support Strategy (MYSS) conceptualizes the challenges facing Liberia in three interconnected areas:

#### 1. Healing the past. Liberia's Truth and Reconciliation Commission has been tasked

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<sup>1</sup> International Crisis Group (2012) "Liberia: Time for Much-Delayed Reconciliation and Reform" <http://www.crisisgroup.org/en/regions/africa/west-africa/liberia/b088-liberia-time-for-much-delayed-reconciliation-and-reform.aspx>

<sup>2</sup> MDG Indicators, latest figure available for 2007.

<sup>3</sup> UNESCO Institute for Statistics Data Center, [http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=136&IF\\_Language=eng&BR\\_Topic=0](http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=136&IF_Language=eng&BR_Topic=0), accessed on 6 January 2014.

<sup>4</sup> UNESCO Institute for Statistics, Data Centre, <http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx>, January 2008

<sup>5</sup> World Bank, Liberia Overview <http://www.worldbank.org/en/country/liberia/overview>

<sup>6</sup> World Bank, World Development Indicators database

<sup>7</sup> National Industrial Policy, Republic of Liberia

with promoting national peace, security, unity and reconciliation by investigating crimes committed between 1979 and 2003. It has received mixed reviews when it comes to healing the scars of the past. There is public consensus on the need to further reconcile Liberian society, but coordinating the multiple reconciliation initiatives remains a challenge.

- 2. Managing current day challenges.** The Liberian state is facing daily challenges. These include the danger of relapsing into conflict, high levels of poverty, weak institutions, and chronic levels of unemployment among a large young population.
- 3. A shared vision for the future.** Through a National Visioning exercise, “Vision 2030”, Liberia is aiming to address socio-political and economic challenges in order to transform the country into a middle-income status. Among the key aspirations of Vision 2030 are: building a strong national identity and a shared community manifested in unifying national symbols, and creating historical narratives that unite and promote shared aspiration.

In order to move towards Vision 2030, Liberia must both heal the past and manage the challenges of the present. The factors mentioned above are mutually reinforcing, and essential in building a sense of stability, belonging, and a common future.

Liberia’s natural endowments of oil, gas, minerals and timber can play a key role in implementing post-war development plans, if managed well. Such diverse resources can be used to reduce poverty, create employment and help the construction of a new inclusive Liberia where benefits are shared by all her citizens. Revenues generated from extractive industries are an important potential source for financing the Vision 2030 agenda.

Yet, if the revenues of the resource exports are not shared fairly and equitably, Liberia will find it difficult to graduate from fragility to prosperity. In order to realise the role of natural resources in the post-conflict reconstruction of Liberia, there is a need to put in place adequate laws, policies, regulatory frameworks and systems that govern the extractive sector sustainably.

### Revitalization of the extractive Industry

Prior to the civil war, the mineral sector contributed more than 65% of Liberia’s’ export earnings and approximately 25% of GDP.<sup>8</sup> The country relied heavily on the extractive industry’s export earnings and was the world’s fifth largest iron ore producer. During the civil war, all mines closed down and the extractive industry’s contribution to GDP dropped significantly, to less than 1%.<sup>9</sup> The recommencement of iron ore production in 2011 and the increase in production of gold are currently driving the industry’s growth. As a result of the recovery, the mining sector’s contribution to GDP was 10.6 % in 2012.<sup>10</sup> The mineral growth has driven the overall economic growth rate, which has averaged 8% per year from 2005 to 2012.

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<sup>8</sup> USGS, The Mineral Industry of Liberia, 2011.

<sup>9</sup> The World Bank, Extractive Industries for Development Series.

<sup>10</sup> Calculated using data from the Central bank of Liberia’s Financial Statistical Reports

The revitalization of the extractive industry was a result of two factors. First, Liberia's mineral reserves have long been acknowledged, but remained unexplored during its civil wars. Second, the government actively sought to re-develop its dormant mining sector through private sector partnerships.<sup>11</sup>

Major commodities produced in Liberia include iron ore, gold, diamonds, and cement; significant off-shore oil resources are also identified.

Currently, Liberia's iron ore and petroleum reserves are estimated to have an average annual revenue potential of USD 1.7 billion, representing 147.8% of GDP (2011).<sup>12</sup> If realized, the government share of revenues will provide much-needed resources. But despite the potential and the recent revitalisation of the extractive industry, the trickle-down effect generated by the revenues remains nearly absent.

*Major extractive industries projects:* Since 2003, the government has signed a number of large scale mining licenses. Several large iron ore mining projects are planned, potentially increasing the share of iron ore in export revenues to 60% of total export by 2015.<sup>13</sup> Among these are Arcelor Mittal's Greenfield Project (Nimba Country), Elenito's Western Cluster project (the South East region) and China Union's Bong project (Bong County). Liberia's first gold mine is being developed in Grand Cape Mount County in partnership with Aureus Mining. It has total estimated reserves of about 8-9 million tons.<sup>14</sup>

Liberia has 30 concessionary off-shore blocks of which ten are currently under production-sharing contracts (PSC). Prominent players include African Petroleum Company, Andarko, Chevron, ExxonMobil and Repsol. Provisions have been made to place more stringent local content requirements on companies taking part in its hydrocarbon sector. Recently, the contracts with Exxon and Canadian Overseas Petroleum were renegotiated to include requirements for citizens to receive dividends if exploration is successful. Greater local content requirements are also expected in future PSCs.

*Artisanal and small scale mining (ASM):* It is estimated that at least 100,000 people are directly involved in Liberia's Artisanal and Small Scale Mining (ASM) sector.<sup>15</sup> Artisanal miners work mostly in diamond production, estimated at about 150,000 carats per year, which is concentrated in Grand Cape Mount County. UN sanctions banning diamond exports from Liberia and the cancellation of licenses by the government have left this sector largely unexplored. There is now significant interest from major diamond exploration companies, enhanced by the recent discovery of diamondiferous kimberlite.

## Reforms

The government is presently coordinating a comprehensive reform programme. Through

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<sup>11</sup> Ministry of Commerce and Industry, Government of Republic of Liberia, Industry for Liberia's Future, 2011

<sup>12</sup> IMF, Fiscal Affairs Department, Fiscal Regimes for Extractive Industries: Design and Implementation

<sup>13</sup> IMF, Staff Country Report- Liberia 2012

<sup>14</sup> USGS, The Mineral Industry of Liberia 2011.

<sup>15</sup> USAID, Recommendations for Class C Mining Regulations and their Implementation and Future Amendments to the Mining and Minerals Act of Liberia

this reform, the government seeks to develop the country's infrastructure through partnership with the private sector, transfer benefits to local communities, build linkages between rural and urban markets, and minimize environmental and land degradation.

*Increasing transparency:* Liberia is the first African nation and the second country in the world to become compliant with the Extractive Industries Transparency Initiative (EITI). It also participates in the Kimberly Process Certification Scheme. Through adherence to these global standards for transparency, the government of Liberia has made considerable advances in rehabilitating its extractive industry and creating an investor-friendly sector. The Liberia Extractives Industry Transparency Initiative (LEITI) Act was passed in 2009, requiring publication of government receipts and company payments, complete contract transparency and investigation of the process by which resource concessions are allocated.

Under the project on Capacity Development for Negotiating and Regulating Investment Contracts (Capdenerico), UNDP supported a comprehensive review of the Public Procurement and Concessions Act (PPCA) of 2005 that resulted in an amendment to the Act, which was adopted by the Liberian Legislature and signed by the president in 2010.

*Policy and legal framework for hydrocarbons:* The shortage of knowledge and skills in the application of administrative and regulatory mechanisms of the oil and gas sector poses a significant challenge. Varying contracting terms by company and production levels, the involvement of multinational corporations, the existence of various tax instruments and payment methods, as well as the dispersion of revenue-collecting functions across different regulatory agencies makes the administration and management of extractive industries revenues difficult, opaque and susceptible to manipulation.

The Liberian government has initiated a hydrocarbon reform since February 2012. The key subjects of the reform are the National Oil Corporation of Liberia (NOCAL), the present regulatory agency and state entity in the sector, and the New Petroleum Act (2002), the current legislation governing the sector. The reform process will result in the creation of a new fiscal regime, the enactment of a new Petroleum law and the creation of a model PSC. The new laws will put in place a transparent and competitive procurement procedure for exploration licenses as well as establishing systems to monitor and regulate petroleum activities.

*Policy and legal framework for mining:* Liberia is also reviewing its mineral laws (signed in 2000 and reviewed in 2006). In 2010, after a nationwide consultation, the new Minerals and Mining Policy was passed to coordinate mining laws with environmental and local content requirements and to account for its significant artisanal mining sector (ASM). However, the policy gives only general guidelines on the issues that the government will address and the revisions it will make. To be implemented, it requires to be supported with concrete plans and budgets.

As outlined in the new Minerals Policy, the government will aim to integrate the ASM sector with rural development programmes and will define a clear profile of people working in ASM. The government will also facilitate the training of ASM miners, on business and technical skills, such as mercury-free gold processing, to assist them in sustainable mining

practices. The procedures for ASM licenses are being reviewed in order to enable illiterate citizens to apply for these licenses. The revision of procedures also envisages expansion of services to ASM miners through regional (sub-national) offices.

*Revenue stabilization:* In addition to monitoring the revenue flows from the extractive industry through the LEITI act, the new hydrocarbon laws will also put in place petroleum and stabilization funds that will serve as a provision for intergenerational equity and act as a source of funding for economic development. Currently, there is little detail regarding how and when money will be channelled into designated funds, how they will be spent and which bodies or officials will have control over them. Future legislation addressing revenue management and local content is expected.

*Strengthening institutions in the extractive industry:* In its reform process, the government has taken a bottom-up approach, engaging various levels of stakeholders in the decision-making process. This has been seen as a positive start in avoiding future resource-driven conflicts. NOCAL's new public affairs department has informed the public about oil sector development and the new Minerals Policy was a result of consultative workshops.

The Government of Liberia has also made recent progress in strengthening the technical capacity of its regulatory institutions. The establishment of a Mineral Cadastre Information Management System in 2010 will help regulate mining licenses and eliminate overlapping issuances of licenses. The Restatement of Public Procurement and Concessions Act will provide greater transparency in the procurement of licenses.

The government is committed to improving environmental protection through all the stages of oil, gas and mining activities, requiring mandatory environmental impact assessments. Liberia's coastline is home to 58% of the population, and the deep waters where drilling activities would take place are uniquely biologically diverse. Therefore, environmental impact should be carefully assessed and plans would need to be put in place in order to minimize damage on biodiversity and livelihoods of a majority of the population.

### **Increasing development benefits of extractive industries**

*Infrastructure development:* Development of the extractive industry can enable increased use of resource rents to foster the development of the country's infrastructure and human capital, thereby contributing to the development of other sectors. As such, the majority of the revenues from the extractive industry will be invested into infrastructure, education, health care, environment and social protection. To facilitate the development of local infrastructure, the Government of Liberia requires all large-scale projects to enter into Mineral Development Agreements (MDA) which obliges companies to invest in socio-economic development. For instance, ArcelorMittal is currently developing a transmission line that would connect Monrovia to Cote d'Ivoire. However, more systematic and coordinated public investment planning and execution system is needed to ensure that infrastructure projects provide increased opportunities for other sectors – for instance, by improving access to markets to farmers.

*Job creation:* Despite becoming a substantial economic growth and investment driver the extractive industry's contribution to employment is very limited. In 2010, mining and

quarrying directly employed only 1.6% of the total workforce, while the agriculture and service sector accounted for 84%, and manufacturing, transport and financial sectors accounted for approximately 14% of the total workforce (See Table 1).

**Table 1: Employment by Sector (2010)**

Sector	Percent Employed	Male (%)	Female (%)
Agriculture	46.5	49.7	50.3
Mining and Quarrying	1.6	76.5	23.5
Manufacturing	6.3	69.6	30.4
Utilities	0.2	100	0
Construction	--	--	--
Transport, Storage, Communication	4.7	82.4	17.7
Financial	3.2	40	60
Services	37.6	41.7	58.7

Source: ILO

A strategy to build strong linkages between Liberia’s extractive industry and the rest of the economy can contribute to the development of its small-scale private sector, creating jobs and improving the welfare of its people. However, the widespread informality, as well as the current conditions and limitations faced by SMEs inhibit the growth of SMEs and the development of linkages of SMEs with Multinational Corporations (MNCs) which conduct the majority of extractive operations. Building these linkages requires addressing four primary issues faced by SMEs in Liberia: access to markets, access to finance, skills and knowledge, and infrastructure.<sup>16</sup>

First, accessing markets of large extractive industries corporations or their subcontractors is critical for SMEs’ development. Currently, MNCs source most of their goods and services from overseas. Although local procurement of goods and services is possible, MNCs’ bidding processes are not geared toward SMEs’ participation. Consolidating communication of bidding announcements will enable SMEs to make better use of these opportunities. Additionally, government investment in quality equipment and establishing relationships between suppliers and SMEs can enable the latter to gain high-quality products required by multi-national companies. Second, the development of financial infrastructure is necessary to enable SMEs to obtain financing for their operations. Third, building the level of skills and knowledge of Liberians is critical for enhancing the capacities of SMEs. Lastly, establishing a supportive physical and business service infrastructure (such as a transparent and internationally compatible financial and accounting system) could create an environment for effective operation and growth of SMEs within the physical and regulatory infrastructure.

<sup>16</sup> Ross, Stephen M.(2013) “Strengthen the Private Sector, Empower a Nation: Increasing the Competitiveness of Liberian SMEs”. UNDP Liberia, Liberian Business Association, Istanbul International Centre for Private Sector Development

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## **II. STRATEGY**

### **II.A UNDP's Global Initiative and the Project for Liberia: Synergies**

UNDP's framework for supporting Sustainable and Equitable Management of the Extractive Sector for Human Development has four distinct, yet overlapping, constituent parts. This framework for structuring UNDP's policy and programme support includes: Participatory legislation, policies and planning; people centred exploration and extraction; prudent revenue collection and management; and investment in human, physical and financial capital. UNDP's response has global, regional and country level components. In this regard, UNDP has launched a Global and a Regional Initiative in Africa to support country-level efforts to govern the extractive sector. This Global Initiative provides the framework for developing a country level project in Liberia. Synergies between this global effort and country-level demand will be utilized in implementing Liberia's programme.

The Global Initiative on extractives aims at:

1. Supporting countries to design, improve and implement their legal, regulatory and policy frameworks to effectively govern their extractive sectors.
2. Facilitating formal and informal participatory decision-making processes to institutionalize representation of communities, women's organizations and indigenous peoples and prevent conflicts in the governance of extractive industries.
3. Strengthening systems to ensure transparent and accountable management of resource revenues.
4. Assisting the private sector to align their core business operations and Corporate Social Responsibility (CSR) activities with national and local development plans. Supporting them to engage in meaningful consultations with local and indigenous communities, and helping them to link up with local providers of goods and services.
5. Helping countries to develop strategies to invest resource revenues in economic transformation, social development and environmental regeneration.
6. Strengthening the capacity of artisanal and small-scale miners, and that of public institutions, which regulate and promote them.
7. Generating and sharing knowledge.

### **II.B Programme areas, outputs and activities**

The four guiding principles for this project proposal are that the outputs and activities need to be: 1) demand-driven; 2) focused on capacity development; 3) comprehensive; and 4) integrated with UNDP's Global Initiative of extractives.

Given the above principles and the framework provided by the Global Initiative, the proposed project for Liberia will focus on the below outputs and activities.



**Output 1: Liberia's legal framework, policies and institutional capacities to govern its mineral and oil sector are strengthened.**

- **Activity 1:** *Supporting a Parliamentary Committee on oil and minerals and development issues.* Currently, there is a parliamentary committee that looks at investment issues in general. The Committee requires support to strengthen evidence-based decision making in legislative and budget deliberations, understand the challenges around the “resource curse” and remedial approaches and increase development benefits from extractive industries. In this regard, UNDP will provide technical and administrative secretariat support to the Parliamentary Committee to strengthen its capacity to monitor and oversee the sector, analyze issues and conflicts, and learn from international good practices in the management of extractive sectors, including sub-sectors such as diamonds, iron ore and oil to ensure conflict is minimized and the sector has development impact.
- **Activity 2:** *Regularizing the technical assistance provided to the Ministry of Justice on building contract negotiation capacity.* Currently, the Ministry of Justice benefits from technical assistance provided by UNDP. This assistance comes in the form of a consultant assisting the Ministry on legal and contractual issues. However, the assistance is primarily focused on the petroleum sector and not mining. The consultant also supports the Ministry intermittently, as she is based outside of Liberia. The lack of legal and contractual capacity is acute in the Ministry and requires regular and systematized support. UNDP will provide legal advisory services and training to develop contract negotiation capacity of the Ministry of Justice, as well as other government agencies with key role in managing the extractive sector in Liberia.
- **Activity 3:** *Strengthening the technical capacity of the National Bureau of Concessions:* The Bureau is tasked to follow up on the implementation of the concession contracts that have been approved and agreed. Post-award monitoring is the Bureau’s mandate. However, major capacity gaps have been noted, including logistical capacity and absence of consistent data to demarcate mining operations. This project will address gaps in the technical capacity of the National Bureau of Concessions by supporting development of a computerized geo-database of issued concessions, fees, and changes therein, making recommendations on administrative and legal processes followed in issuing of concessions.
- **Activity 4:** *Carrying out capacity assessment of the Environmental Protection Agency (EPA).* The Agency is tasked to monitor and inspect the environmental impact of extractive operations. However, the Agency lacks the human and logistical capacity to carry out its mandated responsibilities. Lack of transportation and equipment are cited as major problems. Moreover, there is no baseline biodiversity and environmental data (e.g. air and water quality) to compare changes over time. Therefore, UNDP will support an assessment that will identify the capacity gaps that exist within the Agency and the issues that impede it to perform its duties as stipulated in the law. Such as assessment will also help the Agency target areas for reform and assistance and ensure that a coordinated support is provided by external agencies. Finally, the assessment will also

identify capacity needs for community-based environmental monitoring.

- **Activity 5:** *Supporting the drafting of a local content policy, spearheaded by the National Investment Commission.* The Commission has a Business Linkages Project, which facilitates integration between foreign multinational companies and local SMEs. The Commission noted the need for a national local content policy to provide the framework and guideline in order to increase employment impact of extractive industries in Liberia. On the basis of practical experiences and programs supporting linkages between SMEs and MNCs in extractive industries (see Output 4), this project will support the Commission in developing local content policy, corresponding changes in legislation and administrative arrangements.

**Output 2: The voice and participation of civil society, women's organizations and communities in dialogues, conflict prevention mechanisms and decisions related to extractive industries is strengthened and institutionalized**

- **Activity 1:** Capacity for conflict prevention enhanced at community level and between communities and companies. The focus here will be to set-up or strengthen capacities for managing disputes and creating channels of communication between parties with aim of improving relations and bringing down walls of suspicion. In addition UNDP will undertake annual mapping of hotspots in producing areas as early warning mechanism to inform early action. This intervention will also support CSO's and communities' capacity and knowledge in the sector to ensure they fully contribute to the extractive sector becoming a source of development rather than conflict and instability. This will include targeted training of CSO's and community organizations.
- **Activity 2:** *Organizing public awareness campaigns:* In order to address the fundamental problem of lack of information about the natural resource sector, UNDP will support a public awareness campaign focused on the extractive sector, particularly the oil sector. The public awareness campaign aims to improve understanding of communities about the implications of resource development and will be a crucial element for empowering communities to reap greater benefits and reduce conflict and other negative impacts of extractives development, for example, by participating in jobs and skill development programmes, having a say in infrastructure development plans. The public awareness campaign will be anchored to the National Bureau of Concessions, as well as consultative mechanisms, such as the LEITI at the national level and similar mechanisms at the sub-national level and in this regard, will involve government representatives, parliamentarians and civil society representatives. Various mechanisms will be employed, such as production and dissemination of booklets outlining the basics of oil exploration and extraction processes; 'roadshows'; traditional communication systems and media reporting. Community awareness and understand has shown to reduce instances of conflict and contestations.

**Output : Transparency in the management of revenues from minerals and oil is improved.**

- **Activity 1:** *Supporting the development of a conflict-sensitive, transparent and well-managed community fund mechanism.* The Mineral Development Agreement (MDA) between ArcelorMittal and the Government of Liberia established a County Social Development Fund to be funded by an annual contribution of US\$ 3 million provided by ArcelorMittal. The MDA established a Dedicated Funds Committee comprising ArcelorMittal and the Government of Liberia representatives to manage and disburse the annual US\$ 3 million social contribution for Nimba, Grand Bassa and Bong Counties. Three County Development Management Committees have also been established.

The Dedicated Funds Committee is the national coordinating and regulatory body for the management of the County Social Development Fund, while the County Development Management Committees oversee the management of the Fund at the county level.

However, there have been some shortcomings identified in the administration of the Fund. These include: irregular meetings of the Dedicated Funds Committee; disbursement of funds without consensus among Committee members; community grievances in response to lack of visible benefits from the Fund; perception of corruption and lack of capacity to manage the Fund at the country level.

A local NGO has taken the issue to the OECD arbitration and dispute resolution process. The recommendation from the arbitration process is to involve a third party Fund partner to manage the Fund.

UNDP has extensive experience in managing funds projects at both national and international levels. These include, but not limited to, the management of the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), Global Environmental Facility Small Grants, as well as numerous other country-based funds, the project will support improvement in the Community Social Development Fund management mechanism. Consultations undertaken with communities (See Output 2.2) will provide valuable input. In addition, UNDP will conduct a multi-country assessment to identify best practices in community fund managements including conflict risk assessment in relation to fund disbursement. Based on this inputs, the project will support design a renewed model for governance and administration of the Community Development Fund suitable for Liberia-specific circumstances.

Depending on the outcomes of the consultations, assessments and the design, UNDP might undertake direct implementation of the fund management, subject to discussions with key stakeholders.

- **Activity 2:** *Scaling-up the support on concessions data collection and information gathering conducted through the Liberia Extractives Industry Transparency Initiative (LEITI).* The LEITI is well recognized for its work on ensuring transparency and accountability in around revenue management issues. However, the Initiative noted that there is still a knowledge gap with reference to “who own what”. UNDP is currently

supporting the Initiative to collect information about concession-holders. This project will support scaling-up of this activity, thereby enhancing the transparency of the extractive center sector.

- **Activity 3: *Conducting training and sensitization of stakeholders in corruption risk management and mitigation.*** The risk of corruption is present in all phases of resource exploitation, though some stages are more at risk than others and may be affected by corruption in different ways. Understanding the various roles and influences of actors involved in resource management is extremely important for addressing these risks. Minimizing vulnerability in contracting, licensing, revenue collection and distribution systems and institutions is critical. If corruption remains rampant in the extractive sector, it can reduce the stringency of environmental regulations, through bribe-taking and other corrupt practices, resulting in the lost livelihood, pollution, illness, and displacement of millions. UNDP developed a corruption risk assessment methodology for the extractive industries. This methodology will be used to assess corruption and suggest mitigation measures in Liberia.

**Output 4: Linkages between SMEs and multinational companies in the extractive sector strengthened, increasing employment opportunities, particularly for youth.**

- **Activity 1: *Conducting training and sensitization of procurement departments of multinational companies.*** Although concession contracts contain well-defined local content rules, implementation depends on how far the multinational companies are aware of the constraints faced by SMEs. More often than not, there are no direct interactions between procurement departments of companies and SME's. Such interaction and information sharing are indispensable for stronger linkages to enable Liberian SMEs to supply more goods and services to MNCs, thereby increasing job opportunities. In order to increase sourcing of goods and services by multinational companies in the extractive sector from local SMEs, the project will conduct mapping of procurement processes and organize training and sensitization of procurement staff of multinational companies with aim of increasing local employment opportunities.
- **Activity 2: *Conducting training and sensitization of SMEs on procurement processes, bidding procedures, product quality and standards etc.*** As the study by UNDP shows<sup>17</sup>, even when multinational companies strive to procure locally, SMEs lack the capacity to provide the goods and services.<sup>18</sup> The study highlights difficulties in: a) market access such as bid processing and supply chain identification; b) lack of access to reliable banking services; and c) limited skills and knowledge on product quality. The project will

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<sup>17</sup> Anyaeché et al (2013). Strengthen the Private Sector, Empower a Nation: Increasing the Competitiveness of Liberian SMEs, Report commissioned by UNDP Liberia, UNDP IICPSD and Liberian Business Association.

<sup>18</sup> Strengthen the Private Sector, Empower a Nation: Increasing the Competitiveness of Liberian SMEs May 2, 2013. United Nations Development Program-Liberia, Liberian Business Association, Istanbul International Center for Private Sector Development University of Michigan, Stephen M. Ross School of Business. **Authors:** Arinze Anyaeché, Lorpu Jones, Katie Malkin and Brandon Tirrell.

provide business development services, training and sensitization to SMEs on procurement processes of MNCs, as well as ensure information coordination on procurement processes in order to increase access for SMEs to the markets of extractive sector MNCs.

- **Activity 3:** *Conducting training and sensitization of policy makers on enhancing access to finance and provision of infrastructure that creates an enabling environment for SMEs.* The provision of infrastructure has also been identified by the above study as a binding constraint. This “encompasses the ability for SMEs to operate their business within the physical infrastructure (roads, electricity, internet) and regulatory infrastructure (education, legal, tax) of the country” (ibid. p. 9). Through studying and consulting with SMEs, the project will contribute to formulation of infrastructure and public investment plans that seek to maximize benefits for SMEs in non-extractive sectors. In addition, the project will facilitate improvement of a regulatory environment for the SMEs to get better access to credit from the banking and financial system.
- **Activity 4:** *Supporting the establishment of apprenticeship schemes in partnership with multinational companies, including on-the-job training.* There are vocational schools being expanded and built in the country. The opportunity exist to absorb the youth in an apprenticeship programmes within the oil and mining companies. Such schemes will sensitize them to the industry and build their human capital and chances of employability upon graduation. The project will support creation of an apprenticeship scheme through mapping the demand and supply of skills; developing and delivering training programmes; facilitating on-the-job training with involvement of MNCs in the extractive sector and Liberian training institutions.

**Note:** The activities under this output will inform formulation of a local content policy that is based on realities and experiences of linking SMEs with MNCs in extractive sectors.

#### **Output 5: Capacity of miners in artisanal, small-scale and low-value mining and capacity of regulatory institutions is strengthened.**

- **Activity 1:** *Conducting training and sensitization of artisanal and small-scale miners on health and safety, environmental standards, access to markets and access to technology.* Compared with large-scale mining operations, artisanal, small-scale and low-value mining has greater opportunity to generate employment, especially among low-skilled workers. However, the sector is fraught with severe health, safety and environmental problems, lack of access to markets, poor technology and source of local and regional conflicts. This project will increase the capacity of people engaged in artisanal, small-scale and low-value mining to improve their health, safety and environmental standards, and enhance their entrepreneurial skills to help them gain greater access to markets, and access to better technologies with aim of reducing their conflict impact.
- **Activity 2:** *Conducting training and sensitization of policy makers and staff of regulatory agencies on creating an enabling environment for artisanal and small-scale miners and enforcing national laws on environmental and labour standards.* The Ministry of Mines is

working on a law and regulatory framework for the artisanal and small-scale mining sector. However, there are gaps in monitoring the sector. The project will develop the capacity of regulatory agencies to promote and regulate artisanal, small-scale and low-value mining enterprises through training and sensitization.

**Note:** Output 5 and the activities listed under it will be supported by a larger project, which UNDP is currently negotiating with the European Union.

**Output 6: The impact of Liberia's extractive industry on human development is documented, lessons drawn and disseminated to the wider public.**

- **Activity 1:** *Commissioning a report on Liberia's extractive sector to draw lessons, and disseminating the findings.* While the extractive sector is discussed in the media, among civil society and policy makers, there is a lack of knowledge about the impact of the sector on human development that can inform the future strategic direction of extractive sector management. UNDP has supported the preparation of such reports in a number of countries such as Bolivia, Azerbaijan and Timor Leste. This project will help conduct analysis of the current state, prospects and the impact of the extractive sector on human development, and conflict drawing on UNDP's expertise. The findings and recommendations will be disseminated at a national multi-stakeholder dialogue event.

## **II.C. Partnerships**

Several partners are supporting Liberia's extractive sector.

The World Bank through its Economic Governance and Institutional Reform Project and the Oil Sector Support Project, supported the development of revised mineral and oil laws and regulations related to licensing and monitoring, and is providing technical capacity support in negotiation capacity; further support is planned as part of the Land Governance Project. The IMF provides technical support on fiscal management and forecasting of revenues from the extractive sector. African Development Bank provides support to LEITI.

The GIZ provides support to the National Investment Commission for development of SME support and business linkages policy; and to nine mining communities on local development. AusAID provided support for creation of the Taxation Unit responsible for tax administration of the extractive sector. NORAD provided support to development of model production-sharing contract (PSC) and the petroleum law.

In view of considerable engagement of multilateral and bilateral partners, UNDP will seek to establish strategic partnerships with these key partners and engage in complementary activities. For instance, the support on legal and policy issues will focus on strengthening the capacity of key institutions to implement the adopted legislation and regulations.

UNDP will strengthen existing partnership with the World Bank and the Peace Building Fund (PBF) and seek to establish strategic partnerships with other key partners who are active in

the area of extractive industries in Liberia, in order to achieve the key objectives of this project. We will seek the following partnerships:

(a) Partnerships with the civil society: UNDP will partner with civil society actors, such as LEITI, women's groups and communities, in providing access to information on the implications of extractive industries' development, as the basis for their increased engagement in decisions, changes in legal and regulatory framework, their implementation and enforcement.

(b) Partnerships with other multilateral and bilateral partners. For instance, partnership is envisaged with the African Development Bank in supporting the capacity of LEITI to collect and systematize data on concessions. With funding from the EU, it is envisaged that the project will support the capacity of artisanal, small-scale and low-value miners and regulators to raise the levels of income, and standards of health and safety in the sector.

(c) Partnerships with companies operating in the extractive sector is indispensable in implementing activities to increase local content – such as increasing procurement of MNCs from Liberian SMEs and increasing employment of Liberians, particularly youth. Partnerships with extractive industries companies will be screened through UNDPs criteria for due diligence.

(d) Further partnerships are also being explored with academic institutions and research institutes, such as the University of Liberia.

### III. Results and Resources Framework

<b>Intended Outcome:</b> The extractive sector of Liberia is governed in more participatory, equitable and sustainable ways to ensure that they contribute to peace and sustainable human development.
<b>Outcome Indicators:</b>
1. Legal and institutional framework, policies and systems are in place to ensure transparent, accountable and inclusive revenue management from extractive industries
2. Communities (especially women) effectively participate in decision making in extractive sector management.
<b>Applicable Key Result (UNDP Strategic Plan 2014-2017):</b>
1. Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded;
2. Citizen expectations for voice, development, the rule of law and accountability are met by stronger systems of democratic governance;
3. Early recovery and rapid return to sustainable development pathways are achieved in post-conflict and post-disaster settings
<b>Partnership Strategy:</b> Partnership with Liberian civil society organizations and research institutions established or established partnerships expanded
<b>Project title and ID (ATLAS Award ID):</b> Extractives Industries for Sustainable Development in Liberia
<b>Programme Period:</b> 2014-2016

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<b>Output 1: Liberia's <u>legal framework, policies and institutional capacities</u> to govern its mineral and oil sector are strengthened</b>					
<b>Baseline:</b> <ul style="list-style-type: none"> <li>▪ <i>Lack of parliamentary oversight and capacity to monitor, analyze, deliberate and make decisions on laws, policies and budgets related</i></li> </ul>	<b>Targets for year 1:</b> <ul style="list-style-type: none"> <li>• <i>A secretariat supporting a Parliamentary committee is set up</i></li> <li>• <i>At least 3 briefs</i></li> </ul>	<b>1.1. Supporting a Parliamentary Committee on oil and minerals and development issues</b> 1.1. Technical and administrative secretariat		3 local staff: 1) policy analyst; 2) conflict prevention expert and 3) administrative	\$ 92,000



INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<p><i>to extractive industries</i></p> <p><b>Output Indicators:</b></p> <ul style="list-style-type: none"> <li><i>Periodical reports with analysis of international developments in mining, oil and development issues; budget analysis; syntheses of studies on Liberia's extractive sector, conflict analysis and dynamics in the producing areas and options for resolution prepared for the Parliamentary Committee</i></li> <li><i>On-demand analytical products including regular conflict analysis on the producing areas prepared in response to requests by the Parliamentary Committee</i></li> </ul> <p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li><i>Lack of capacity of the Ministry of Justice and other key government agencies engaged in negotiation of extractive industries contracts</i></li> </ul> <p><b>Output Indicators:</b></p> <ul style="list-style-type: none"> <li><i>At least 10 training sessions involving at least 50 civil</i></li> </ul>	<p><i>and/or reports produced</i></p> <p><b>Targets for year 2:</b></p> <ul style="list-style-type: none"> <li><i>At least 6 briefs and/or reports produced</i></li> </ul> <p><b>Targets for year 3:</b></p> <ul style="list-style-type: none"> <li><i>At least 6 briefs and/or reports produced</i></li> </ul> <p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li><i>Reviews of at least 1 concession agreement or production sharing agreement is made and recommendations provided</i></li> <li><i>At least 2 training</i></li> </ul>	<p>support to the Parliamentary Committee provided for policy, budgets and law formulation in mining, oil and gas sectors.</p> <p>The support can include: 1) review of legislation and regulations including making them conflict sensitive; 2) monitoring new developments relevant to the specific mining and oil subsectors internationally, and conflict trends locally; 3) reviewing and synthesizing studies; 4) organizing meetings; 5) public communication; 6) budget monitoring; 7) help organise committee hearings; 8) help draft questions/ interpellations for committee; 6) other on-demand support</p> <p><b>1.2. Regularizing the technical assistance provided to the Ministry of Justice on building contract negotiation capacity</b></p> <p>1.2.1. Standing legal advisory services provided.</p> <p>The legal advisory services can include: 1) review and analysis of Liberia's</p>		<p>officer; overheads</p> <p>Legal advisory services - international consultancy (9 months over the course of 3 years + 3 visits)</p>	<p>\$ 118,500</p>

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<p><i>servants conducted on legal and contractual issues, including staff of the Ministry of Justice</i></p> <ul style="list-style-type: none"> <li>At least 2 staff are enrolled in international-level training to enhance their contract negotiation capacity</li> </ul> <p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li>Absence of an integrated geo-database with information on concessions and fees</li> </ul> <p><b>Output Indicators:</b></p> <ul style="list-style-type: none"> <li>Report with recommendations of</li> </ul>	<p><i>sessions conducted</i></p> <p><b>Targets for year 2:</b></p> <ul style="list-style-type: none"> <li>Reviews of at least 1 concession agreement or production sharing agreement is made and recommendations provided</li> <li>At least 4 training sessions conducted</li> </ul> <p><b>Targets for year 3:</b></p> <ul style="list-style-type: none"> <li>Reviews of at least 1 concession agreement or production sharing agreement is made and recommendations provided</li> <li>At least 4 training sessions conducted</li> </ul> <p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li>Existing concession procedures reviewed</li> <li>Inventory of geo-data and other data on concessions conducted</li> </ul>	<p>legislation; 2) review and analysis of other similar contracts internationally; 3) review and analysis of the international trade and investment regime; 4) conducting regular, targeted training to staff of key ministries and government agencies, including: finance, mining, foreign affairs, infrastructure; 5) making recommendations on contracts and negotiation tactics.</p> <p><b>1.3. Strengthening the technical capacity of the National Bureau of Concessions</b></p> <p>1.3.1. Existing administrative and legal processes for issuing concessions reviewed and recommendations made.</p> <p>1.3.2. A database developed</p>		<p>Legal advisory services (costs incorporated elsewhere)</p> <p>1 international consultant (2 months), 1 local consultants (12</p>	<p>-</p> <p>\$ 60,000</p>

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<p><i>administrative and legal processes prepared</i></p> <ul style="list-style-type: none"> <li><i>A database of mining and oil concessions developed, tested and used by mining regulatory authority</i></li> </ul> <p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li><i>Limited capacity of the Environmental Protection Agency in undertaking monitoring of environmental impacts of extractive projects</i></li> </ul> <p><b>Output Indicators:</b></p> <ul style="list-style-type: none"> <li><i>Report prepared assessing capacity of Environmental Protection Agency, methods of community engagement, and proposing recommendations</i></li> </ul> <p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li><i>Absence of a local content policy</i></li> </ul> <p><b>Output Indicators:</b></p> <ul style="list-style-type: none"> <li><i>Local content policy and corresponding changes in legislation drafted</i></li> </ul>	<p><b>Targets for year 2:</b></p> <ul style="list-style-type: none"> <li><i>Geo- and other data synthesized and a database developed</i></li> </ul> <p><b>Targets for year 3:</b></p> <ul style="list-style-type: none"> <li><i>Database tested and used for new concessions</i></li> </ul> <p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li><i>Capacity assessment of EPA conducted</i></li> </ul> <p><b>Targets for year 3:</b></p> <ul style="list-style-type: none"> <li><i>A local content policy and draft law prepared</i></li> </ul>	<p>(including geographic information system) of issued exploration and extraction concessions, licensing fees, etc.</p> <p>1.3.3. Regular reporting and dissemination of information on concessions established</p> <p><b>1.4. Carrying out capacity assessment of the Environmental Protection Agency (EPA)</b></p> <p>1.4.1. Capacity assessment of the Environmental Protection Agency conducted</p> <p>1.4.2. Key capacity gaps identified and recommendations proposed to address the gaps</p> <p>1.4.3. Recommendations proposed for community engagement in environmental monitoring</p> <p><b>1.5. Supporting the drafting of a local content policy, spearheaded by the National Investment Commission</b></p> <p>1.5.1. On the basis of review of local content policies of other countries, and study of SMEs (below)</p>		<p>months); software, hardware</p> <p>1 local consultant - web design (6 months); (communications staff cost incorporated elsewhere)</p> <p>Advisory services; International consultant (2 months); local consultant (3 months); local travel</p> <p>Legal advisory services; Policy analyst (costs incorporated elsewhere)</p>	<p>\$ 6,000</p> <p>\$ 27,600</p> <p>-</p>

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
		recommendations made for local content policy, relevant changes in legislation, regulation and administrative arrangements			
<b>TOTAL for Output 1</b>					\$ 304,100
<b>Output 2: <u>The voice and participation of civil society, women's organizations and communities</u> in dialogues, conflict prevention mechanisms and decisions related to extractive industries is strengthened and institutionalized</b>					
<b>Baseline:</b> <ul style="list-style-type: none"> <li>Limited knowledge of communities and other stakeholder of mining and oil-related issues, including deposits, investments, fiscal revenues, environmental impacts, job opportunities</li> <li>Limited understanding of the challenge of the "resource curse".</li> <li>Limited knowledge of implications of mining and oil development</li> </ul> <b>Output indicators:</b> <ul style="list-style-type: none"> <li>Conduct of a conflict analysis exercise in the producing areas</li> </ul>	<b>Targets for year 1:</b> <ul style="list-style-type: none"> <li>A public awareness campaign plan is developed</li> <li>At least 1 community consultations on the prevention of conflict related to exploitation of NR organized</li> <li>Annual mapping of conflict hotspots undertaken</li> <li>At least 1 communication and media product produced and</li> </ul>	<b>2.1.</b> Conflict prevention capacities enhanced 2.1.1: number of community consultations on the prevention of conflict related to exploitation of NR organized 2.1.2: Annual mapping of conflict hotspots in producing areas and development of response plans 2.1.3: Communication channels established between communities and companies 2.1.4: Target training for CSO and communities undertaken to increase sector knowledge			\$ 31,900 \$ 70,000 \$ 27,000

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<ul style="list-style-type: none"> <li>• <i>Development of a joint strategy on conflict prevention between the government, the exploring companies and the host communities</i></li> <li>• <i>Communication channels developed between industries and communities</i></li> <li>• <i>Target training for CSO's to enhance sector knowledge</i></li> <li>• <i>A public awareness campaign plan is developed and implemented</i></li> <li>• <i>At least 5 communication and media products on issues in extractive industries and development prepared and broadcast nationally and in mining/ oil communities</i></li> </ul>	<p style="text-align: center;"><i>disseminated</i></p> <p><b>Targets for year 2:</b></p> <ul style="list-style-type: none"> <li>• <i>At least 1 mechanism for communication and information sharing established at the producing areas</i></li> <li>• <i>At least 5 communication and media product produced and disseminated</i></li> </ul> <p><b>Targets for year 3:</b></p> <ul style="list-style-type: none"> <li>• <i>At least 1 training session for journalists conducted</i></li> <li>• <i>At least 4 communication and media product produced and disseminated</i></li> <li>• <i>At least 4 training for CSO's for enhanced sector knowledge</i></li> </ul>	<p><b>2.2 Organizing public awareness campaigns</b></p> <p>2.2.1. . Communications products produced and disseminated targeting the following groups: 1) general public in Liberia; 2) communities in the vicinity of mining and oil projects. The communication products and mechanisms can include, for example: news stories, press releases, booklets, Radio ads, interviews, posters, information bulletins, newspaper articles, local community assemblies and traditional communication systems.</p>			
<p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li>• <i>Lack of opportunities for communities to have a say</i></li> </ul>	<p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li>• <i>National dialogue on managing</i></li> </ul>	<p><b>2.3. Organizing and institutionalizing participatory discussion with communities in mining and</b></p>		<p>2 tailored trainings (15 people x 3 days)</p>	<p>\$ 55,700</p>

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<p><i>in legislation and concessions/ contracts related to oil and mining</i></p> <p><b>Output indicators:</b></p> <ul style="list-style-type: none"> <li>• <i>Discussion fora organized in at least 6 sub-regions and documented</i></li> <li>• <i>Draft laws, regulations (or revisions) prepared to institutionalize community participation</i></li> </ul>	<p><i>extractive sector – using both radio debates, and conference..</i></p> <p><b>Targets for year 2:</b></p> <ul style="list-style-type: none"> <li>• <i>Discussion for a organized in at least 2 sub-regions</i></li> <li>• <i>Experiences with and results of discussion for a documented</i></li> </ul> <p><b>Targets for year 3:</b></p> <ul style="list-style-type: none"> <li>• <i>Draft legal/ regulatory changes developed</i></li> </ul>	<p><b>oil sector</b></p> <p>2.2.1. <i>National dialogue on managing extractive sector including benefit sharing, and revenue investment</i></p> <p>2.2.2. <i>Conclusions of the national dialogue documented and presented to government and other stakeholders</i></p> <p>2.2.3. <i>Legal, regulatory and policy changes proposed</i></p> <p>2.2.4 <i>targeted training for CSO's and communities undertaken.</i></p>		For communities and CSO's	\$ 22,400
<b>TOTAL for Output 2</b>					<b>\$ 207,900</b>
<b>Output 3: <u>Transparency in the management of revenues from minerals and oil is improved</u></b>					
<p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li>• <i>Governance deficit in the administration of community development funds</i></li> </ul> <p><b>Output indicators:</b></p> <ul style="list-style-type: none"> <li>• <i>A procedure for governance and administration of the County Social Development Fund developed</i></li> </ul>	<p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li>• <i>Research on community development funds conducted</i></li> <li>• <i>A model for governance of community development funds proposed</i></li> </ul>	<p><b>3.1. Support the development of a conflict-sensitive, transparent and well-managed community fund mechanism</b></p> <p>3.1.1. <i>Research on good practices in management of community development funds and other similar funds is undertaken to inform the reform of the current system; consultations with stakeholders conducted (also</i></p>		International consultant (2 months); local consultant (6 months)	\$ 30,600

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li><i>No systematized and transparent information on concession beneficiaries</i></li> </ul> <p><b>Output indicators:</b></p> <ul style="list-style-type: none"> <li><i>Report with mapping concession beneficiary data information prepared</i></li> </ul> <p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li><i>Widespread perceptions of corruption</i></li> </ul> <p><b>Output indicators:</b></p> <ul style="list-style-type: none"> <li><i>Report identifying key areas of corruption risk prepared and findings disseminated to at least 50 stakeholders</i></li> </ul>	<p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li><i>Training conducted for LEITI officials</i></li> </ul> <p><b>Targets for year 3:</b></p> <ul style="list-style-type: none"> <li><i>Report with mapping of concession beneficiary data prepared</i></li> </ul> <p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li><i>Assessment of corruption risk conducted</i></li> <li><i>Findings presented to key stakeholders</i></li> </ul>	<p>build on consultations with communities in Activity 2.2).</p> <p>3.1.1. A model for governance and administration of the fund developed, including a system of reporting, monitoring and communication.</p> <p><b>3.2. Scaling up the support on concessions data collection and information gathering conducted through the Liberia Extractives Industry Transparency Initiative (LEITI).</b></p> <p>3.2.1. A mapping exercise conducted combining data research, interviews with companies/officials, in order to improve local knowledge on concession beneficiary data collection</p> <p><b>3.3. Conduct training and sensitization of stakeholders on corruption risk management and mitigation</b></p> <p>3.3.1. Assessment of corruption risk carried out</p> <p>3.3.2. Findings of corruption risk presented to key stakeholders; ways to mitigate corruption risk identified</p>		<p>Outsource to NGO or consulting company; Inputs include: 1 senior and 2 junior researchers (3 months); local travel and communication costs; training</p> <p>International consultant (2 months); national consultant (3 months)</p> <p>Workshop 50 people x 2 days</p>	<p>\$ 42,200</p> <p>\$ 26,000</p> <p>\$ 4,400</p>

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
TOTAL for Output 3					\$ 103,200
<b>Output 4: <u>Linkages between SMEs and multinational companies in the extractive sector strengthened, increasing employment opportunities, particularly for youth</u></b>					
<p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li>Lack of evidence, definition and documentation about local content in oil and mining MNCs</li> <li>Anecdotal evidence indicates very limited amount of goods and services procured by Liberian SMEs to MNCs</li> </ul> <p><b>Output indicators:</b></p>	<p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li>Survey of procurement processes of MNCs carried out</li> <li>Discussion with SMEs and procurement officers of MNCs organized</li> </ul>	<p><b>4.1. Conducting training and sensitization of procurement departments of multinational companies</b></p> <p>4.1.1. Conduct a survey mapping current procurement processes of MNCs to identify areas for local content development</p> <p>4.1.2. Organize a discussion with MNC procurement officers, SME associations and SME representatives, training and business development service providers, regulators and local government authorities to identify the ways for developing local content</p>		<p>International consultant (1 month); Local consultant (3 months)</p> <p>Local travel and communications costs</p>	<p>\$ 21,000</p> <p>\$ 21,000</p>
<p><b>Baseline:</b></p> <p><b>Output indicators:</b></p> <ul style="list-style-type: none"> <li>At least 10 procurement-related meetings and networking events</li> </ul>	<p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li>Training and sensitization of SMEs conducted</li> </ul> <p><b>Targets for year 2:</b></p>	<p><b>4.2. Conducting training and sensitization of SMEs on procurement processes, bidding procedures, product quality, standards, etc.</b></p> <p>4.2.1. Assessment of specific</p>		<p>Outsource to NGO or consulting company; Inputs include: 1 senior researcher and 2</p>	<p>\$ 21,200</p>



INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<p><i>organized with representatives of MNCs/ their 1st tier subcontractors and SMEs</i></p> <ul style="list-style-type: none"> <li><i>At least 3 media and news outlets announce bids regularly from oil and mining MNCs; online web portal development</i></li> </ul>	<ul style="list-style-type: none"> <li><i>Training and sensitization of SMEs conducted</i></li> <li><i>Online portal with procurement information of MNCs developed</i></li> </ul> <p><b>Targets for year 3:</b></p> <ul style="list-style-type: none"> <li><i>Training and sensitization of SMEs conducted</i></li> </ul>	<p>needs of SME enterprises working in sectors of existing or potential supply to the extractive industries carried out (such as safety clothing and PPE producers, catering businesses, water bottling and food processing, distribution SMEs, transportation, logistics, construction SMEs, and security and IT service providing SMEs)</p> <p>4.2.2. SME associations supported in business plan development and financial resources provided to selected SME associations on the basis of the plans. The activities can include, for example, organization of regular meeting on MNCs' procurement processes, including in pre-bidding and post-bidding stage; coordination of procurement of supplies; equipment purchasing and rental; organization of networking events between MNCs and SMEs; conducting training for SMEs</p> <p>4.2.3. A mechanism for</p>		<p>junior researchers (6 months); local travel and communication costs</p> <p>Partnership agreement with a selected SME associations</p> <p>IT consultant (18 months); designer (6 months); editor (6 months)</p>	<p>\$ 100,000</p> <p>\$ 30,000</p>

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<p><b>Baseline:</b>  <b>Output indicators:</b></p> <ul style="list-style-type: none"> <li>• <i>Legal and policy changes on financing of SMEs drafted</i></li> </ul>	<p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li>• <i>Report on SME/MNC linkages prepared</i></li> <li>• <i>Study on access of SMEs to financial services conducted</i></li> </ul> <p><b>Targets for year 2:</b></p> <ul style="list-style-type: none"> <li>• <i>Consultations on SME enabling environment organized</i></li> </ul>	<p>announcing bids and announcements from MNCs and other larger companies in the EI industry developed and implemented (using one or a combination of: TV, radio, classified newspaper, online web portal with announcements to subscribers)</p> <p><b>4.3. Conduct training and sensitization of policy makers on enhancing access to finance and provision of infrastructure that creates an enabling environment for SMEs</b></p> <p>4.3.1. Good practices documented from SME/MNC linkage activities (above) and recommendations for legal and policy changes on local content and local recruitment made.</p> <p>4.3.2. Evidence on access of SMEs to finance, practices of SMEs to access finance, bank and other financial institutions' financial products and practices with regard to SMEs gathered. Consultations with financial institutions, SMEs and the Central Bank</p>		<p>International consultant (2 months); Local consultant (3 months); travel</p> <p>Workshop 50 people x 2 days (other costs incorporated elsewhere)</p> <p>Workshop 50 people x 2 days; International consultant (6 months); Local consultant (12 months)</p>	<p>\$ 29,850</p> <p>\$ 4,400</p> <p>\$ 62,400</p>

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li><i>Lack of skills among Liberian youth</i></li> </ul> <p><b>Output indicators:</b></p> <ul style="list-style-type: none"> <li><i>At least 10 recruitment-related meetings and networking events organized with representatives of MNCs/ their 1st tier subcontractors and students</i></li> </ul>	<p><b>Targets for year 1:</b></p> <ul style="list-style-type: none"> <li><i>Survey of HR managers conducted</i></li> <li><i>Survey of training institutions in Liberia conducted</i></li> <li><i>Discussion organized with MNC HR managers, training institutions</i></li> </ul>	<p>organized. Options for enhancing access to finance for SMEs developed and recommended.  Recommendations on legal and regulatory changes made.  4.3.3. Consultations organized with public investment planning department of the Ministry of Finance, Ministry of Infrastructure, Ministry of Mines; MNC managers; representative organizations (formal or informal) of communities in the vicinity of mines or coastal areas; SMEs in these areas. Environmental screening and assessment conducted.  Recommendations made, and communicated to MNCs and government.</p> <p><b>4.4. Supporting the establishment of apprenticeship schemes in partnership with multinational companies, including on-the-job training</b>  4.4.1. Survey of HR managers in MNCs conducted to map existing staff placement and internship practices and needs in the next 5-10 years</p>		<p>Outsource to NGO or consulting company; Inputs include: 1 senior researcher and 2 junior researchers (6 months); local travel and communication costs</p>	<p>\$ 22,400</p>

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<ul style="list-style-type: none"> <li>At least 100 interns recruited by MNCs from Liberian universities, vocational and other training centres</li> </ul>	<p>and student representation</p> <p><b>Targets for year 2:</b></p> <ul style="list-style-type: none"> <li>Support provided to at least 1 training institution and partnership developed with at least 2 MNCs to develop an apprenticeship scheme</li> </ul> <p><b>Targets for year 3:</b></p> <ul style="list-style-type: none"> <li>Apprenticeship scheme implemented</li> </ul>	<p>4.4.2. Survey of existing higher education and vocational training institutions in Liberia conducted, including review of courses of relevance for EI and supporting sectors.</p> <p>4.4.3. A workshop organized with HR managers and technical professionals of MNCs; trainers and managers of academic and vocational institutions; employment agencies; students' representatives; and policy makers to identify key areas of skills development and the way forward</p> <p>4.4.3. Academic and vocational training institutions supported in developing and implementing proposals for apprenticeship and internship schemes. The activities can include, for example: organization of student/ trainee and industry information and recruitment events; joint development of curricula with MNCs, their 1st tier contractors and employment agencies; engaging industry</p>		<p>Costs included in the above</p> <p>Workshop 50 people x 2 days</p> <p>Partnership agreement with 3 selected training institution</p>	<p>\$ 29,400</p> <p>\$ 200,000</p>

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
		professionals in delivering some training courses, sessions or workshops; interns/ apprentices placement, feedback and monitoring mechanisms; gathering and disseminating data; providing job and career counselling to students and trainees			
<b>TOTAL for Output 4</b>					<b>\$ 641,650</b>
<b>Output 5: Capacity of miners in <u>artisanal, small-scale and low-value mining</u> and capacity of regulatory institutions is strengthened</b>					
<b>Baseline:</b> <ul style="list-style-type: none"> <li>Lack of documented knowledge about the value chains in artisanal, small-scale and low-value mining</li> <li>Lack of business skills among artisanal miners</li> </ul> <b>Output indicators:</b> <ul style="list-style-type: none"> <li>A study mapping artisanal, small-scale and low-value mining small-scale, low-value mining trained in environmental, safety standards and business skills prepared, covering at least 3 counties</li> </ul>	<b>Targets for year 1:</b> <ul style="list-style-type: none"> <li>Mapping of ASM, small-scale and low-value mining and associated value chains conducted</li> </ul> <b>Targets for year 2:</b> <ul style="list-style-type: none"> <li>Training modules developed</li> <li>Training conducted to at least 50 ASM miners, associations or business development organizations' staff</li> </ul>	<b>5.1. Conducting training and sensitization of artisanal and small-scale miners on health and safety, environmental standards, access to markets and access to technology.</b> 5.1.1. Mapping of artisanal, small-scale and low-value mining, and associated value chains conducted 5.1.2. Training to artisanal and small-scale miners, associations and business development organizations conducted on business skills, environmental safeguard and		International consultant (1 month); Local consultant (3 months) Workshop 50 people x 10 days; International consultant (2 months); Local consultant (3 months)	\$ 21,000 \$ 41,300

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<ul style="list-style-type: none"> <li>At least 50 people from among miners, business development organizations and associations working in artisanal,</li> </ul> <p><b>Baseline:</b></p> <ul style="list-style-type: none"> <li>Lack of adherence to environmental and safety standards in ASM</li> </ul> <p><b>Output indicators:</b></p> <ul style="list-style-type: none"> <li>At least 10 staff of regulatory institutions and local authorities trained on environmental, safety standards and regulatory approaches specific to artisanal, small-scale and low-value mining</li> </ul> <p><b>TOTAL for Output 5</b></p>	<p><b>Targets for year 2:</b></p> <ul style="list-style-type: none"> <li>Training modules developed</li> <li>Training conducted to at least 10 regulatory agencies' staff</li> </ul>	<p>safety procedures</p> <p><b>5.2. Conducting training and sensitization of policy makers and staff of regulatory agencies on creating an enabling environment for artisanal and small-scale miners and enforcing national laws on environmental and labour standards</b></p> <p>5.2.1. Training to staff of institutions (national and local) regulating ASM sector conducted</p>		Included in the above	\$ 62,300
<p><b>Output 6: The <u>impact of Liberia's extractive industry on human development</u> is documented, lessons drawn and disseminated to the wider public.</b></p>					
<p><b>Baseline indicators:</b></p> <ul style="list-style-type: none"> <li>Lack of analytical knowledge about the impact of Liberia's extractive industry on human development</li> </ul>	<p><b>Targets for year 2:</b></p> <ul style="list-style-type: none"> <li>Consultations conducted</li> <li>Research carried out</li> </ul> <p><b>Targets for year 3:</b></p>	<p><b>6.1. Commissioning a report on Liberia's extractive sector to draw lessons, and disseminate the findings.</b></p> <p>6.1.1. Research conducted, with primary data collection if</p>		International consultant (3 months); Local consulting company or	\$ 53,800

INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS	COSTS
<b>Output indicators:</b> <ul style="list-style-type: none"> <li>Human Development Report prepared on the state and impact of Liberia's extractive sector; Key messages of the report reached an estimated 1 million people in Liberia; findings discussed with at least 50 stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Report produced and disseminated</li> </ul>	necessary, for development of Liberia's NHDR on the state and the impact of Liberia's extractive sector on human development 6.1.2. Human Development Report prepared and its messages widely disseminated.		research institute (9 months)	
<b>TOTAL for Output 6</b>					\$ 53,800
<b>Programme manager</b>					\$ 344,000
<b>National Extractive officer</b>					\$ 64,000
				<b>TOTAL</b>	<b>\$ 1,680,850</b>
				<b>GMS 8%</b>	<b>\$ 134,468</b>
				<b>GRAND TOTAL</b>	<b>\$ 1,815,318</b>

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### III. MANAGEMENT ARRANGEMENTS

The **Implementing Partner** for this project is xxx, entrusted with the implementation of the project, along with the assumption of full responsibility and accountability for the effective use of resources and the delivery of all outputs.

The project will be managed through a UNDP project management structure, and funds will be managed and administered by UNDP's financial management systems.

The project will be overseen by a **Project Board that** will provide an oversight and will be responsible for making, by consensus, strategic and management decisions guiding project implementation. The Project Board will be chaired by the Project Director, designated by the implementing partner. Meeting on a quarterly basis, the Project Board will carry out the following tasks:

- i. Advise and provide overall direction and guidance to the project, including new strategic areas of partnerships and activities, as appropriate;
- ii. Provide oversight and ensure the effective management and implementation of the project;
- iii. Review performance toward project results and objectives;
- iv. Assess impacts and oversee evaluation;
- v. Approve major changes in the programme intervention logic.
- vi. Keep the senior beneficiary (xxx) and senior supplier (UNDP) leadership regularly informed about the deliberations and decisions of the Steering Committee.

**The Project Management Team** will consist of five full time staff and three part-time staff. The Project Manager will be responsible for day-to-day management of the project. The Project Manager will be supported by Programme Support Officer in undertaking procurement and managing finances of the project.

The Legal Adviser will be responsible for provision of legal advice and capacity development on all legal and contractual matters, primarily to the Ministry of Justice and the Parliamentary Committee.

The Secretariat to a Parliamentary Committee will consist of one full-time analyst/technical specialist and one administrative support officer.

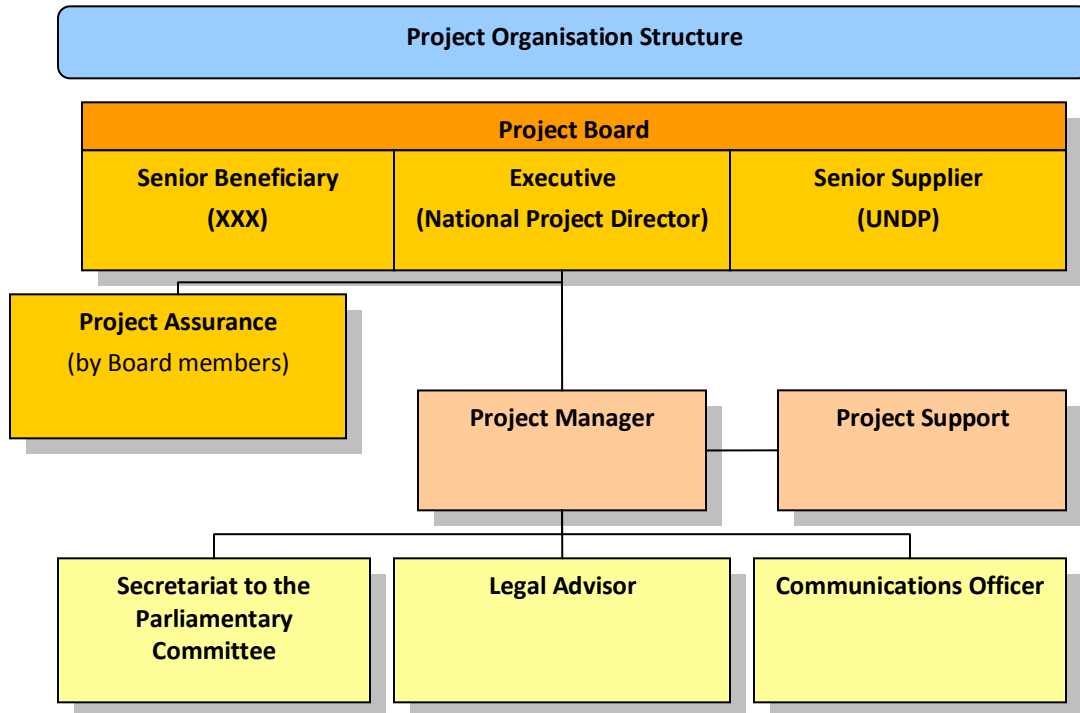
The Communications Officer will be responsible for developing and implementing the communication plan and discussions with communities, in liaison with the relevant officers of the Implementing Partner.

The Project Management Team will be responsible for:

- i. Realization of project outputs; coordination with all partners responsible for implementation of the project activities and day to day financial and programmatic management;
- ii. Sharing all information relevant to effective decision making , including all relevant financial information, with the Project Board;



- iii. Preparing annual progress reports of the project;
- iv. Coordinating with the Implementing Partner and other agencies xxx;
- v. Providing secretariat support, including the drafting of the agenda and preparation of the minutes of the meetings, to the Project Board.



*[This part is to be elaborated upon discussion with the country office]*

*Suggested sub-headings in this component may include:*

- *results of capacity assessment of implementing partner*
- *UNDP Support Services (if any)*
- *collaborative arrangements with related projects (if any)*
- *prior obligations and prerequisites*
- *a brief description/summary of the inputs to be provided by all partners*
- *audit arrangements*

*The role of the project manager and project support:*

*The role of the legal advisor:*

*The role of the secretariat to the Parliamentary Committee:*

*The role of communications staff:*

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## IV. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle:

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- A risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually:

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

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## V. LEGAL CONTEXT

Consistent with the Article III of the Standard Basic Assistance Agreement (SBAA), the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

The Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document".