COVID-19 IMPACT STUDIES ON THE NATURAL RESOURCES SECTOR OF FIVE ANGLOPHONE COUNTRIES IN WEST AFRICA

THE LIBERIA REPORT

2 0 2 1

By:
Harold Marvin Aidoo
For:
ISODEC

FORD FOUNDATION

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Liberia

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ACRONYMS

CSR	Corporate Social Responsibility
DRM	Domestic Resource Mobilization
EITI	Extractive Industries Transparency International
EO	Executive Order
EPA	Environmental Protection Agency
EVD	Ebola Virus Disease
FDA	Forestry Development Authority
GDP	Gross Domestic Product
IFF	Illicit Financial Flow
LEITI	Liberia Extractive Industries Transparency International
LMC	Liberia Mining Company
LPRA	Liberia Petroleum Regulatory Authority
MME	Ministry of Mines and Energy
MOH	Ministry of Health
MOL	Ministry of Labor
NBC	National Bureau of Concessions
NIOC	National Iron Ore Company
NPHIL	National Public Health Institute of Liberia
ODP	Open Door Policy
UNODC	United Nations Office on Drugs and Crimes

1.0 INTRODUCTION

Natural resources have long been a mainstay of the Liberian economy for nearly a century. The country is blessed with rich endowments in gold, diamond, bauxite, timber and iron ore to name but a few. Along with natural rubber, by mid-20th century, natural resources had attracted large amounts of foreign companies into the country with combined investments reaching nearly one billion United States Dollars. In the modern 21st century era beginning with the period after the civil war, the country leveraged on this natural resource endowment to attract both foreign investments in order to spur economic growth to help in the rebuilding of a nation ravaged by 14 years of civil war. Official statistics put the amount of investments attracted during the period between 2006 and 2012 at 16 billion United States Dollars (Paczynska, 2016). These were largely due to investments in iron ore and timber concessions and a dive into the yet underexplored oil and gas sectors.

The increase in foreign investments substantially raised gross domestic product (GDP) from US $1.1 billion in 2006 to US $3.2 billion in 2019 and government revenue from US$ 80 million in 2006 to US$ 474 million in 2020 (National Budget of Liberia, 2019-2020). The additional revenue contributed to expenditures in basic social services such as the building of roads, schools and hospitals. Despite this fact, it can be said that the natural resource sector is a volatile area vulnerable to the boom and bust of international market systems symbolic of the negative impact the global financial crisis of 2007 had on the Liberian economy. In 2007, when world markets crashed thereby decreasing demand for natural resources especially in China, the Liberian economy suffered likewise and extractive industries revenue totaled US$ 29 million.

In recent years, regional and global health pandemics have added to the regular boom and bust of financial markets leaving an adverse impact on the natural resources sector of the country. The Ebola Virus Disease (EVD) outbreak in 2014 had a formidable impact on Liberia's economic recovery process and significantly eroded most of the post-war economic gains that were made. Now the novel Coronavirus disease (COVID-19), a contagion also known as SARS-CoV-2 was first identified in Wuhan, China, in December 2019. The virus has spread to nearly every part of the world leaving in its wake over 2 million people dead and millions more in hospitals. The first confirmed case of the virus in Liberia was reported by the National Public Health Institute of Liberia (NPHIL) on March 16, 2020 when a government official returning from a conference in Switzerland tested positive. Days after, several cases were reported and since then, the disease has spread to all counties of Liberia. As at January 12, 2021, a total of 1,876 cases had been confirmed with 84 deaths (National Public Health Institute of Liberia Daily Case Update).

In order to curtail the spread of the virus, President George M. Weah declared a State of Emergency on April 10, 2020 along with a national lockdown lasting for an initial period of 90 days. Subsequent measures were announced through the Ministry of Health (MOH) and NPHIL including the closure of schools, ban on public gatherings, and closure of all borders and the suspension of flights into and out of the country. Curfew was also imposed lasting from 3:00 PM daily till 6:00 AM the next day. With the institution of these measures, all aspects of life in Liberia were affected. Some businesses closed, most civil servants were sent home and the economy virtually came to a halt. This severely affected the natural resources sector of Liberia, especially government revenue and the livelihood of those living in communities depending solely on said resources.

In this paper, we seek to understand the current and projected impact of COVID-19 on the natural resources sector of Liberia. We will discuss the major natural resources of Liberia assessing their significance to the national economy and their impact on livelihood. We will further discuss the impact on the macroeconomy of Liberia, the impact on the labor market, the governance sector and illicit financial flows. We will conclude by considering mitigation measures and of the impact of the pandemic on the natural resources sector of Liberia.

2.0 SCOPE OF THE CONSULTANCY

The study is designed to produce an analysis of the current and projected impacts of COVID-19 on the natural resource sector of Liberia and the implications for the economy, people, society and the environment. The study will assess:

1. **The importance of natural resources**: Highlight the dominant extractive resources in the country and assess their significance for the national economy, society and the environment. Economic significance will include share of national revenue, size of direct and indirect employment and contribution to livelihoods.
2. **Impacts on the macro-economy**: Assess channels of impact on the sector including current and projected prices, public debt; production, exploration, investment profits and revenues including tax settlements.
3. **Impacts on the labour market**: The current and projected gender disaggregated impacts of (2) above on the labour market– employment, wages – and on local livelihoods.
4. **Impacts on the governance of the sector:** Highlight current and projected impacts on the governance of the sector – contract terms, contract renegotiations and whether contracts are suspended, active and inactive, impact on oversight bodies and space for civil society activism.
5. **Impacts on Illicit Financial Flows (IFF):** Explore impacts on Illicit Financial outflows including IFF risks
6. **Impact on strategic policy on the role of extractives in development:** whether there is a reassessment of the strategic role of natural resources in economic transformation strategies.
7. **Impact on resource-rich communities and the environment:** especially in relation community voice and rights, protection of the commons, CSR and share of royalties.
8. **Mitigation measures.** What were the specific measures introduced to mitigate the impact of the pandemic on (a) the sector) and (b) on the broader economy and social stress including equitable and green recovery noting the role of fiscal, monetary and debt policies, growth and distribution policies.
    a. **The Business environment:** What mitigating measures have been undertaken to protect the business environment in relation to the supply chain; availability of credit, market constraints.

b. External development financing: Access to concessional financing – bilateral and multilateral – and commercial loans including bond markets where appropriate.
c. Potential impacts on public services: how could the COVID-19 impacts on natural resources translate into impacts on health, education, water and sanitation?

3.0 METHODOLOGY

The study on the impact of COVID-19 on the natural resource sector of Liberia was conducted at two levels. The first level encompasses an extensive desk review and analysis of relevant documentation. The second level involved primary data collection which entailed the collection of qualitative data using survey questionnaires administered through phone calls at individual stakeholder levels. A total of 44 individual interviews were conducted and 15 Key Informant Interviews (KII).

3.1 Sample and Sampling Techniques

Concentration of natural resources in Liberia are heavily tilted on concessions, therefore the sample for the study were drawn from state structures such as the Ministry of Mines and Energy (MME), the Environmental Protection Agency (EPA), the Liberia Petroleum Regulatory Authority (LPRA), the Forestry Development Authority (FDA), the National Oil Company of Liberia (NOCAL), the Liberia Extractive Industry Transparency Initiative (LEITI), the National Investment Commission (NIC), National Bureau of Concessions (NBC) regulating and managing the natural resources/concession sector(s); the Liberia Banker's Association (LBA), non-governmental bodies involved in concessions activities such as the group Publish What You Pay (PWYP), Liberia Extractive Media Watch, Green Advocates, the Concessions Working Group (CWG), Liberia Revenue Authority (LRA), the Chamber of Commerce, concession companies, MNG GOLD, China Union & Bea Mountain, local authorities and communities around affected concession communities.

3.2 Research Design

The study is of the descriptive kind which is suitable for qualitative research methods. The study used purposive sampling technique and utilized content analysis as a mean to interpret and analyze the data (Kothari, 2004). The data collected was analyzed using mainly keyword or phrases coding to better understand the results of the study.

3.3 Data Collection Procedures

The study used qualitative method. The qualitative data was collected through phone interviews and where possible, in person face-to-face interviews/discussions. A total of 9 face-to-face interviews were conducted. Key informant interviews particularly with concession companies and communities required field travels. The consultant traveled to Grand Cape Mount and Bong counties to conduct these field interviews. Hand written notes and audio-recorded tapes were used during interviews. The recordings were transcribed and data analysis involving segmentation of coded words and phrases were conducted to get a grasp of the general views of key informants and respondents on the impact of COVID-19 on the natural resources sector of Liberia. The field notes were helpful in maintaining comments, environmental contexts, and nonverbal cues. Confidentiality was assured all respondents.

4.0 KEY FINDINGS OF THE STUDY

4.1 The Importance of Natural Resources in Liberia

Liberia's economy is largely dependent on natural resources, foreign aid and foreign direct investment. Between 1960 and 1980, major natural resources in Liberia included iron ore, diamond, gold and oil & gas contributed more than 60% of earnings and 25% of GDP (Boakye et al. 2012), which then ranked Liberia as the largest exporter of iron ore in Africa and third largest in the world. The boom in the natural resources sector of Liberia was fueled by government's Open-Door Policy (ODP). This Policy first initiated by President Arthur Barclay was aimed at encouraging foreign companies to invest in the natural resources sector. Liberia is endowed with many natural resources, and many foreign companies took advantage of the friendly economic environment and came to invest. By 1980, four large foreign companies had signed concession agreements with the government of Liberia to invest in its iron ore sector (Kraaij, 1983). The companies were the Liberia Mining Company (LMC), the National Iron Ore Company (NIOC), The LAMCO JVC and the Bong Mining Company (BMC)/ DELIMCO. Other companies invested in the mining of gold and diamonds. By 1980, seven gold and diamond companies were operational in Liberia namely, the Liberia Development Corporation, the Providence Mining Company / LIBERIA Swiss Mining Corporation, St Andrews Securities Ltd, and National Gold and Diamond Corporation. Other companies included Diamond Mining and Management Company Company/Globex Minerals Inc., African Mining and Resources Company/ African Mining Partners and Liberian Gold and Diamond Corporation (Kraaij, 1983).

The ODP however did not accomplish much for Liberia in terms of economic development (Kraaij, 1983). According to Kraaij, because the country operates a dual currency regime (both Liberian and US Dollars), many of the foreign companies exported almost all of the raw natural resources extracted to other countries without investing in manufacturing or other forms of value addition. There was also the importation of many foreign expats who held top management positions in these companies. To today, Liberia benefits basically just from the little royalty gained from these concession agreements coupled with some low-level employment opportunities for Liberians.

In 1980, the then President William R. Tolbert was overthrown in a bloody coup by Master Sergeant Samuel K. Doe. This brought a period of instability which affected all aspects of the economy including the natural resources sector. From 1980 onwards a period of civil instability ensued lasting up to 2005 when the war officially ended. During the period of the civil war, many of the foreign mining companies were forced to close down as they were pillaged by rebels forcing the foreign managers to leave the country. Economic activities in the natural resources sector virtually came to a halt until 2006 when elections were held which brought to power Madam Ellen Johnson-Sirleaf. With the cessation of war, new companies started to pull into the country to invest in the natural resources sector. More than 100,000 artisanal miners are currently engaged in alluvial Gold and diamond mining in the country (Wilson et al. 2017)

One of the Sirleaf administration's first actions was a call to review existing concessions such as those of Firestone, the Liberia Agriculture Company and Arcelor Mittal. The government set up an Inter-Ministerial Concession Committee (IMCC) for the review of concession agreements. The Committee was made up of technocrats and largely supported by international advisors. This resulted in major changes to the terms of the concession including improvements on withholding tax terms, limits on extended import duties and sales tax, turnover tax rates and improved social benefits to affected communities (Kaul et al., 2009). By 2012, six iron ore concessions worth US $ 13 billion had been either signed or reviewed. The largest of them being China Union, Arcelor Mittal, Putu Mining and BHP Billiton. This increase in FDI along with bilateral and other multilateral grants propelled the government revenue from approximately US $ 80 million in 2006 to US $ 672 million in 2012 (Paczynska, 2016).

To effectively monitor and report on the natural resources sector, Liberia applied for and was admitted as an Extractive Industries Transparency Initiative (EITI) candidate country in 2008 and was the first African country to become EITI compliant in 2009. The EITI is a global coalition of government agencies, extractive companies and civil society organizations working together to improve transparency and accountability in the management of revenues from natural resources. By 2014, the extractive industry sector which included gold, iron ore and diamond generated revenue of US$ 135.30 million of the total US$ 517.20 million which accounted for 26.16% of all revenue generated for that year (LEITI Report, 2013/2014). The tables below summarizes the production and export of key natural resources from 2012-2014 (LEITI Report, 2013/2014).

Table 1: *Quantity of iron ore, gold and diamond produced in Liberia from 2012 to 2014.*

Natural Resource	Unit	2014	2013	2012
Iron Ore	Million metric tons	5,189,723	4,948,095	2,369,850
Gold	Ounce	19,938	18,869	20,609
Diamond	Carat	74,882	47,819	34,271

Source: *Central Bank of Liberia (CBL) 2014 Annual Report*

__Table 2:__ Amount of revenue generated from exports of iron ore, gold and diamond-2012 to 2014

Natural Resource	2014 (USD million)	2013 (USD million)	2012 (USD million)
Iron Ore	373.83	325.05	117.06
Gold	14.52	20.61	26.27
Diamond	35.19	17.13	12.38

***Source**: Central Bank of Liberia (CBL) 2014 Annual Report*

In a 2014 report released by LEITI, employment in the natural resources sector represented 48.97% of total employment in Liberia. The same report presents that during the period, the mining sector accounted for 52.7% of revenue in the extractive sector, oil and gas contributed 21.1% to revenue the same year. This certainly impacted the local economy as many people were employed thus earning some form of income. The same report also indicates that Corporate Social Responsibility (CSR) contributed by natural resource companies during 2014 amounted to US$ 13.55 million.

According to a World Bank policy note on domestic resource mobilization in Liberia (2019), the natural resources sector plays a dominant social, economic and political role in the country with contributions to revenue mainly coming from licenses and payroll taxes (World Bank, 2019). The report notes that "the largest contribution (27.1 percent of total natural resource revenues) comes from licenses and various sectoral and administrative fees. The second largest are taxes on wages (social contributions and payroll taxes) with 26.8 percent share of natural resource revenue. Ordinary taxes (including CIT, excise taxes, and various resource taxes) are third with 21.3 percent. Finally, royalties contribute only 11.6 percent of natural resource revenues (World Bank, 2019)."

Perhaps aside from natural resources contribution to GDP and government revenue, the sector historically plays a major socio-political role which is its contribution to the few local and national jobs created although these figures are generally much lower than expected due largely to the capital-intensive nature of the mining sector. In the first three years of the Sirleaf administration, the sector was expected to provide approximately 10,000 jobs. As one respondent in Grand Cape Count noted, "without the mining company, life would be much more difficult than it currently is."

Most political economy analysis has often come up with the conclusion that Liberia's status as a fragile state is deeply rooted in the political and economic exclusion practiced by the country's founders – while this holds true in many respects, it is important here also to note that the natural resource sector of the country has not been able to create a meaningful structural transformation to create a more sustainable national economy for the nation and its citizens. Since 1944 when President William V.S. Tubman initiated the Open Door Policy (ODP) in a bid to attract foreign direct investment with the hope of decreasing Liberia's dependency on the Firestone Rubber Plantation Company the underpinning vision was to improve Liberia's economic position. Then, the overall approach was to leverage on the strategic role of natural resource to transform the economic situation and to that effect a national investment policy was encouraged through the provision of tax breaks, extended periods of exemption from import and export duties, special tax tariffs for some investors and large tax-deductible items in cases where investors were liable to taxes. By 1964s, Liberia had attracted more than 38 major foreign companies with investment total nearing US $ 750 million. From the 1960 onwards, the average annual growth in the country's real Gross Domestic Product (GDP) 4.5% and by 1971 GDP had reached US $ 340 million. Mining alone accounted for 38% of the national GDP and 17% of total government income. During this period, Liberia was considered one of the fastest growing economies in the world, and the number three exporter of iron ore in the world. Ironically the key infrastructural transformation that occurred during these periods was an expansion of railways mainly for transporting ores, but with limited roads and educational infrastructure. The missing link during the investment peak was not creating a framework and capacity for value addition of the country's vast natural resource and the over reliance on primary commodity export. This challenge continue to manifest itself even in this the 21st century and further compounded by a more complex and sophisticated global economy and financial architecture where the determination of multinational companies to evade taxes, exploit vulnerabilities of weak governance systems is so pronounced. Unfortunately, many resource rich countries in Africa suffer similar fate. In the 2020 Tax Justice Network country vulnerability profile for example, the report shows that Liberia does not currently engage in automatic information exchange on banking data at all. This implies an unmitigated risk for a broad range of illicit financial flows, including, but not limited to tax matters. If Liberia entered into automatic information exchange tax treaties with Switzerland, United Kingdom and Luxembourg, the revenue implications could be substantial. Assuming that the assets in these three countries (US$7.2bn) are yielding a 5% return, that these returns would be all taxable in Liberia at the top marginal personal income tax rate of 25%, and that they are currently unreported and untaxed, and this could serve as additional annual tax revenue of US$90m which could be collected. Even if only half of this sum was collected, not implementing automatic information exchange still implies that substantial tax revenues are foregone. The implication of this means that the country loses out on a potential revenue that could strengthen the decaying infrastructure and absence of badly needed social services such as health, education, water and sanitation across the country.

5.0 IMPACT ON THE MACRO ECONOMY

As already indicated, the natural resources sector has had a great impact on the macro economy of Liberia. It has and continues to be a major source of revenue generation for the government, which has helped maintain inflation in the lower double digits thereby stabilizing prices. Prior to COVID-19, the economy of Liberia had already begun to struggle. Liberia's economy contracted by an estimated 2.3 percent in 2019 according to the Central Bank of Liberia (CBL, Annual Report 2019). Services accounted for 45.3 percent of Liberia's economic output, followed by agriculture and fisheries (27.3 percent), commercial and artisanal mining (22.1 percent), forestry (9.7 percent), and manufacturing (6.5 percent), (CBL, Annual Report 2019).

***Figure 1**: Real GDP and Output Growth by Sector, 2015 – 19*

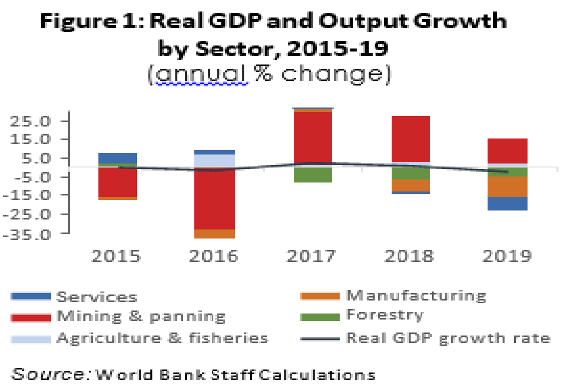
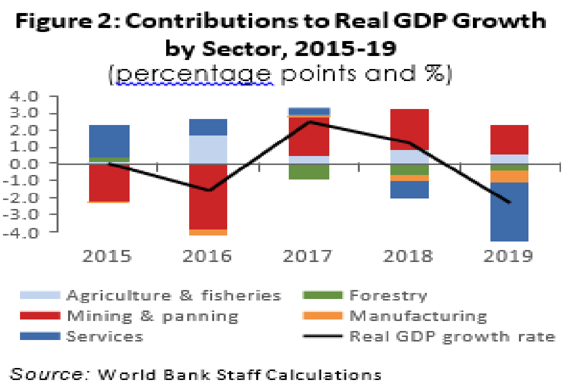


***Figure 2:**Cntributions to Real GDP Growth by Sector, 2015-19*



Despite the overall contraction of the economy, the projected growth of the primary sector (agriculture, forestry, and mining and panning) was underpinned by continued expansion in mining activity, especially through commercial gold production (CBL, Annual Report 2019). Over the past two to three years, gold has been the major driver of Liberia's export earnings, recording about 40.0 percent of export receipts according to the Central Bank of Liberia.

The outbreak of the global COVID-19 pandemic has affected the world economy, slowing demand for natural resources. This in turn has affected old and new investments in the natural resources sector of Liberia although the price of iron ore has largely remained unaffected since the outbreak of the pandemic. Gold prices rose by 9.9 percent during the same period, reflecting the commodity's safe-haven status, and gold prices are projected to increase by 12.3 percent in 2020 and 15.4 percent through 2021 according to a World Bank report (World Bank. 2020). However, reduction in overall world prices for natural resources will certainly affect Liberia's export thus affecting its macroeconomic performance.

The tables below show output volume of selected natural resources compared with the same period in the non-coronavirus 2019 showing slightly better output performance before coronavirus for the period considered.

***Table 3:** Output Volume in the Natural Resources Sector 2020 (onset of COVID in March-June)*

Name/Month	Unit	Mar	Apr	May	Jun	Jul
Gold	Ounces	8,180.7	12,268.5	13,817.	9,002.7	12,414.42
Iron Ore	Mtons	512,606.00	495,000.00	400,000.00	330,000.00	310,000.00
Diamond	Carats	3,821.21	Na	Na	1,238.96	15,193.00
Sawn Timber	Pcs	na	Na	Na	na	na

***Source:** Central Bank of Liberia: Liberia Financial Statistics*

Table 4: Output Volume in the Natural Resources Sector 2019 (Non-COVID March-July)

Name/Month	Unit	Mar	Apr	May	Jun	Jul
Gold	Ounces	18,475.43	19,137.97	15,882.72	12,987.37	23,058.80
Iron Ore	Mtons	450,822.00	362,472.00	409,096.00	396,225.00	371,692.00
Diamond	Carats	4,518.17	6,388.66	5,199.41	21.79	10,035.72
Sawn Timber	Pcs	45,362.00	45,597.00	35,154.00	22,198.00	12,224.00

Source: *Central Bank of Liberia: Liberia Financial Statistics*

Table 5: *Economic Outlook of the Country 2020-2023*

	2018	2019	2020	2021	2022	2023
Real GDP growth (%)	1.2	-2.5	-2.5	4	4.2	4.9
Agriculture and Fisheries	3.1	2	2.3			
Forestry	-6.3	-7.6	-0.3			
Mining and panning	24.2	13.2	9.7	6.8	6.6	5.6
Manufacturing	-5.7	-7.6	1.6			
Services	-2.2	-5.2	-1.7			
Nominal non-mining per capita GDP (USD)	$660	$619	$588	$573	$578	$593
Nominal GDP	$3264	$3146	$3070	$3084	$3304	$3494
Nominal GDP growth (%)	0	-0.04	-0.02	0	0.07	0.06
Consumer price (period average)	21.2	28	21.3	13.5	11	8.5
Consumer price (end of period)	28.5	27.5	15	12	10	7

Source: *Citizen's Guide to the National Budget (2020)*

Although prices of iron ore and gold have largely increased or remained steady during the COVID-19 period, national authorities, though hopeful of vaccine trials are very uncertain that world prices would improve local conditions. One key informant from the Ministry of Finance's macro-fiscal unit stated that "although conditions in the west and China look bright, we are not so hopeful of conditions in Liberia because first and foremost, investors who are mostly westerners and Asians are skeptical about adherence to COVID-19 protocols in the country. Most of the senior staff at concessions were repatriated and have not returned because concessionaires want to be sure that COVID-19 protocols are scrupulously followed throughout the country which is not the current case."

Whilst there is yet no empirical data reflecting actual COVID-19 impact on the macro economy, officers at the Ministry of Finance projected decline in GDP figures due to the COVID-19 first wave lockdown measures; fall in income taxes due to private sector layoffs and rise in illicit financial flows in the mining sector.

5.1 Impact of COVID-19 on the Labor Market

The natural resources sector has always contributed meaningfully to employment in Liberia. Informal gold mines are in abundance in the rural part of the country which provides employment and livelihood for the locals. Prior to COVID-19, data released by LEITI in 2014 (the latest data) shows that the mining sector consisting of iron ore, gold and diamond mines, contributed about 3.24% of total employment in the extractive industry employing a total of 18,490 persons. The table below shows employment data from some companies in the mining and oil & gas sector disaggregated by gender and local and foreign employees.

Table 6: *LEITI record of number of employees in the extractive sector 2014*

Company		Average number of direct domestic employees		Average number of direct foreign employees	
		Male	Female	Male	Female
Oil & Gas					
1.	National Oil Company of Liberia (NOCAL)	106	39	0	0
2.	Chevron Liberia Limited	NC	NC	NC	NC
3.	Anadarko Liberia Ltd	NC	NC	NC	NC
4.	ExxonMobil Exploration and Production Liberia Ltd	0	0	0	0
5.	European Hydrocarbon Limited (EHL)	6	1	0	0
Mining					
6.	Arcelor Mittal Liberia Ltd	811	75	99	7

7.	China Union Investment (Liberia) Bong Mines Co. Ltd	227	68	298	38
8.	Putu Iron Ore Mining Inc. (PIOM)	148	15	9	0
9.	Western Cluster Limited	4	1	20	1
10.	BHP Billiton	175	18	7	1
11.	Bea Mountain Mineral Corp.	186	13	17	3
12.	Boart Longyear Corporation Liberia	29	1	6	0
13.	Amlib United Minerals Inc/ Kle Kle	NC	NC	NC	NC
14.	Hummingbird Resources (Liberia) Inc (HBRL)	113	12	11	2
15.	Steinbock Minerals	186	13	4	1
16.	Jonah Capital (BVI) Liberia Ltd.	5	2	2	0
17.	Earthsource Mineral International	126	11	6	1
18.	Anglo American Kumba Exploration (AAKEL)	4	0	3	0
19.	West Africa Gold And Diamond	1	0	1	0
20.	Iron Resources Liberia Ltd. (IRLL)	20	2	0	0

21.	West Africa Diamonds Inc	1	0	1	0
22.	Afric Diam Company Inc	NC	NC	NC	NC
23.	Bao Chico Resources Liberia Ltd	NC	NC	NC	NC
24.	Golden Mass Trading	2	0	2	0

Source: *Liberia Extractive Industries Transparency Initiative (LEITI) EITI Report for Period Ended June 2014*

Whilst the Ministry of Labor (MoL) and the Liberia Institute for Statistics and Geo-information Services (LIGIS) have not released labor statistics on COVID-19, the outbreak of COVID-19 has affected employment in every sector of the economy. Lockdown measures instituted by government to curb the spread of the virus ultimately led to decline in workforce as many companies were reported to have redundant some of their workforce and repatriated foreign workers (Business & Human Rights Resource Centre, 2020). For example, in August 2020, Golden Veroleum Liberia Limited (GVL), one of the biggest palm plantations in Liberia announced that it was rationalizing its workforce and implementing a redundancy exercise affecting 250 employees. As a policy measure to help protect the general welfare of workers, the MoL developed a regulation to minimize redundancy in workplaces. Workers are however not certain that the Labour Ministry's measures are working or that they have been declared redundant because of COVID-19 . One worker stated, "before COVID-19 we were at the mercy of the companies who did not redundant us only because of the intervention of the Legislature, now, they have the reason to lay us off. The Ministry of Labour says even if temporarily laid off, we should be paid benefits, but we are not receiving such, what can we do?' The companies themselves seem to be weary of liability. A high-level Liberian officer at the MNG GOLD said, "Ok, so we allow these people to go out into the mines. They contact COVID-19 and blame it on us. That we put them in harm's way, that's potentially a lot of liability coming our way."

The continuous impact of COVID-19 on the world's economy will affect demand for export of natural resources affecting new investment in the sector thus reducing employment opportunity although demand for these resources may gradually increase in 2022 as the pandemic subsides and industrial countries begin to invest in infrastructure.[1] For the foreseeable future, employment in the natural resource sector is expected to decline or remain low. LEITI sources have told this consultant that for reasons unknown to them, statistics coming out of the natural resources sector are hard to come by. "Companies continue to evade giving us the required information because they know we are too reliant on them and it would be hard to sanction them for not giving us information because quite frankly we are so dependent on them and they know it. In fact, COVID-19 only gives them more excuse to request more incentives or tax breaks to continue operations in the country" she said.

[1] The COVID-19 Crisis in Liberia: Projected Impact and Policy Options for Robust Recovery, June 2020

COVID-19 also impacts on the labor force adversely when considering gender dynamics especially with regards to women as primary caregivers. The closure of schools presents a challenge for essential workers who now have the extra burden of caring for their children during hours when the child or children would have been in school. Two essential workers spoken to note the twin demand of having to put in more shifts at the workplace and at the same time being concerned about the welfare of their at-home children particular to rising reports of rape of minors throughout Liberia.

5.2 Impact on Illicit Financial Flows

Illicit financial flow (IFF) from Africa continues to drain the continent of valuable revenues for growth and development.[2] A report released by the United Nations Conference on Trade and Development shows that in 2015, IFFs from Africa was estimated at $50 billion per year. [3] The same source shows that Africa now loses an estimated $88.6 billion USD annually in illicit capital flight. IFFs appear most prominent in the extractive sector, estimated at over US$ 40 billion in 2015 and a cumulative amount of $278 billion from 2008 to 2018.

Since 2014, Liberia has made significant strides in improving its legal and regulatory framework as well as technical capacity to conduct independent mineral valuation as well as monitoring world prices and limiting transfer pricing. In 2016, Liberia passed a Transfer Prince Law, Liberia Income Tax Transfer Pricing Regulation of 2016. Yet the country's level of susceptibility to IFF remains high. A number of factors driving the country's high IFF risk include but not limited to:

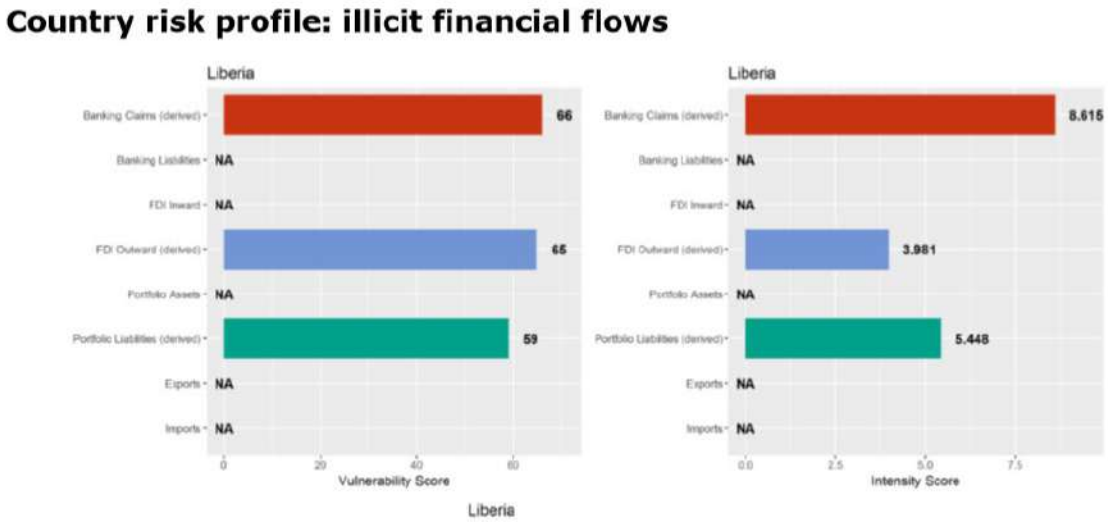
- Government reliance on companies to self-report the volume of mineral mined
- Limited capacity of the country's tax administration authority to address IFF issues
- Manipulation of transfer prices by companies to shift taxable profits to a lower-taxed downstream associate
- Lack of public country by country reporting by companies
- Lack of beneficial ownership disclosures
- Cartel of collusion between state actors and companies fueling under reporting.
- Weak capacity to monitor and enforce compliance of the country's extractive sector law
- High vulnerability and intensity risk in banking sector

On the Global Tax Index - 2021 results, Liberia is responsible for 0.4% of the world's corporate tax abuse. The country ranks 68 on the Corporate Tax Haven Index (Tax Justice Network, 2021). The CTHI measures how a country's laws and practices enable corporate tax abuse by multinational corporations. The Tax Justice Network also shows that Liberia has high risk vulnerability to IFF in terms of the volume of cross border transactions. According to Hunter (2019), illicit outflow of cash in the natural resources sector of Liberia is prominent in the gold mining industry with one paper claiming that probably 90% of all gold produced in Liberia per year is smuggled out of the country (OECD, 2020). With 1 Billion financing deficit of its Domestic Resource Mobilization (DRM) strategy to finance the country's development

2 https://www.acbf-pact.org/How Africa loses US$50 billion to Illicit Financial Flows (IFF)
3 https://unctad.org/fr/node/28869: How Africa can curb illicit financial flows to strengthen economies post COVID-19

agenda, Liberia is on a 'losing end' by depriving itself of much needed revenue it badly needs to spur development, create job and provide basic social services and economic infrastructure upon which broad-based economic growth depends. Beyond these self-inflicting wounds, Liberia designation as a tax haven also serves as breeding ground for companies operating in the sub-region and beyond and wealthy individuals the opportunity to escape their tax obligations in other countries thereby limiting the capacity and opportunity for them to raise revenue through taxation.

The risk profile of Liberia's banking sector overall vulnerability, intensity and exposure to illicit financial flows between 2008 and 2018 remains high according to the Tax Justice Network country by country risk profile report.



Source: *Tax Justice Network. Liberia's risk profile on IFF*

A Vulnerability and Exposure to Illicit Financial Flows risk in Africa assessment conducted by Tax Justice Network Africa in 2019, underscores the huge revenue loses to the country by not implementing automatic information exchange on banking data and the unmitigated risk this phenomenon poses to a broad range of illicit financial outflows.

Liberia being designated a tax haven does not in any way benefit the country. On one hand, the country is losing out on millions of United States Dollars that could contribute significantly to the badly needed revenue. Tax haven generally poses a problem to many countries as it adversely affects budgetary revenues of nations with high taxation and thereby give rise to increased tax avoidance and unlawful migration of capital creating instability in many jurisdictions. Our fiscal regimes and tax systems remain fragile and vulnerable with weak compliance enforcement. I believe that Liberia being a tax haven disproportionately affects the country particularly so that Liberia does not currently engage in automatic information exchange on banking data at all. A strong civil society engagement and advocacy is needed to reform and call for a strong fiscal regime through legislation.

The World Bank Group (WBG) projected the Liberian economy to grow by2.8%. Low domestic resource mobilization and high public spending widened Liberia's fiscal deficit by 6.2% in 2020 also pre-pandemic. In FY 2019, tax revenue only accounted for 12.1% of GDP, which was far below the regional average. With the advent of COVID-19, revenue collection is expected to perform constrained as companies and businesses begin to recover from the effects of the pandemic. The economic impact of the coronavirus disease could potentially have dramatic effects on the wellbeing of families and communities across the country, the need therefore for a strong political will to embark on structural reforms to address these debilitating challenges cannot be overstated.

Chapter 6 and 7 of the Liberia Revenue Code provide the fiscal regime for extractive sectors, however, under the concession agreements, there are some deviations. The below matrix highlights the fiscal regime for extractive industry as per concession agreements.

No.	Key fiscal provisions	Revenue Code (Gen. provision)	Revenue Code (Chapter 7)	BHP BILLITON	PIOM	WESTERN CLUSTER	ARCELORMITTAL	CHINA UNION	HUMMING BIRD
1.	Income tax rate	25%	30%	Not more than 25%; except project high yield	Reduced to 25% if company construct Zwedru-Greenville road	Same as LRC	Same as LRC	Not more than 25%	Not to exceed 25% for the first 15 years
2.	Term of contract	No provision	No provision	25 year term Subject to early termination or consecutive extensions for up to 25 years each	25 year term Subject to early termination or automatic extensions to match issued Mining License	Initial Term 25 years Subject to early termination or automatic extensions to match issued Mining License	25 year term Extensions allowed for up to 25 years each	25 year term Subject to early termination or automatic extensions to match issued Mining License	25 year term Subject to early termination or automatic extensions to match issued Mining License
3.	Start date	No provision			2010	2011	2006	2007	2015
4.	Royalty	2-3% on shipments	4.5 %	Royalty rate scale of 3.25% - 4.25%.	4.5%	4.5%	4.5%	Royalty rate scale of 3.25% - 4.25%	3%
5.	Resource Rent (high-yield surtax	No provision, except for Tel. services at 8%	20% of accumulated cash flow if IRR exceed 22.5%	30% if accumulated cash flow is positive	20% of accumulated cash flow if IRR exceed 22.5%	Same as LRC	Same as LRC	Exempt for the first 25 year period	
6.	Surface rental	No provision	$0.20/acre for exploration	$25,000/year/ exploration	Same as LRC	Same as LRC	$200,000/year for 2 yrs.	$100,000/year for the first 10 yrs.	

***Source**: Liberia Revenue Authority (2020)*

While the quantum of illicit financial flows can be attributed to big companies, small-scale and illicit mining contribute a fair share of revenue erosion. Gold has reportedly been smuggled to Togo and Dubai, where it can be sold at higher prices per gram than in Liberia. This is reported to be a significant driver in Liberia; where most gold is believed to be smuggled to Guinea where it is sold at higher prices than those offered in Liberia (Hunter, 2019).

With the outbreak of COVID-19, it is projected that illicit financial flows in the natural resource sector, especially gold will increase. The borders of Liberia are porous thus enabling smugglers to easily smuggle gold or other natural resources to nearby countries. The risk associated with the operations of these mines has not even dissuaded the illegal miners. For example, just a few weeks before the first case of COVID-19 was reported in Liberia, an illegal gold mine collapse in Nimba County killing at least forty (40) persons according to a newspaper report of February 19, 2020. With the loss of livelihood for many due to COVID 19 lockdowns, it is expected that many will venture in these gold mines. Foreign merchants will likely take advantage of the situation to profit by buying from the locals cheaply and exporting to nearby countries through porous borders.

A key incentive for the operations of many illegal gold mines is the lack of monitoring by government agents. This is likely to only increase during COVID-19 as the president announced lockdown and stay-at-home policy for non-essential workers including those in the employ of the Ministry of Mines and Energy. With already limited manpower capacity, the lockdown can only encourage unscrupulous merchants to smuggle more resources out of the country thereby stifling government revenue during COVID-19. We noted that at two small-scale mines visited, informal mining activities that fuel IFF were seen to be continuing unabated by COVID-19. One artisanal miner stated “to be frank with you, we do not consider anything by the name of COVID-19 in this area. If the disease is here, why are we not dying as we see the white people dying on TV? We were never worried about inspectors because whenever they come here, they too are ‘looking for it’ and this has become worse during coronavirus.”

5.3 Impact on Resource-rich Communities and the Environment

The service sector of the Liberian economy has borne the brunt of the COVID 19 impact (World Bank. 2020). Notwithstanding, the natural resources sector has also been affected thus impacting communities endowed with such resources. The impact on resource-rich communities is expected to be especially felt in relation to payment of CSR in the form of Community Social Development Funds (CSDF) in each concession and share of royalties by mining companies.

The payment of CSDF by companies to the local community affected by mining exploration is one of the requirements to granting licenses in Liberia. Said CSDF contributes greatly to the local communities, in that it serves as a major source of funding for local development projects. CSDF received by government from companies in the extractive industry for a five-year period beginning 2013/2014 and ending 2017/2018 amounted to US$ 44.81 million as shown in the table and graph below (LEITI: EITI Report for Periods Ended June 2014 - June 2018).

Table 7: Corporate Social Responsibility from 2013/14 to 2017/18 in millions of U.S Dollars

Year	Millions in U.S Dollars
2013/14	13.55
2014/15	8.27
2015/16	9.43
2016/17	6.11
2017/18	7.45

Source: *Liberia Extractive Industries Transparency Initiative (LEITI) EITI Report 2014- 2018*

With the outbreak of the virus, it is projected that CSR payments by companies will reduce as demands for commodities such as iron ore are very low on the world market.

Amount of royalty payment by mining companies to the government of Liberia is determined by the Revenue Code of Liberia. Section 704(a) of the code provides that “a royalty is due and payable to the Government of Liberia at the time of each shipment and in the amount of the stated percent of the value of commercially shipped mineral, regardless of whether the shipment is a sale or other disposition:

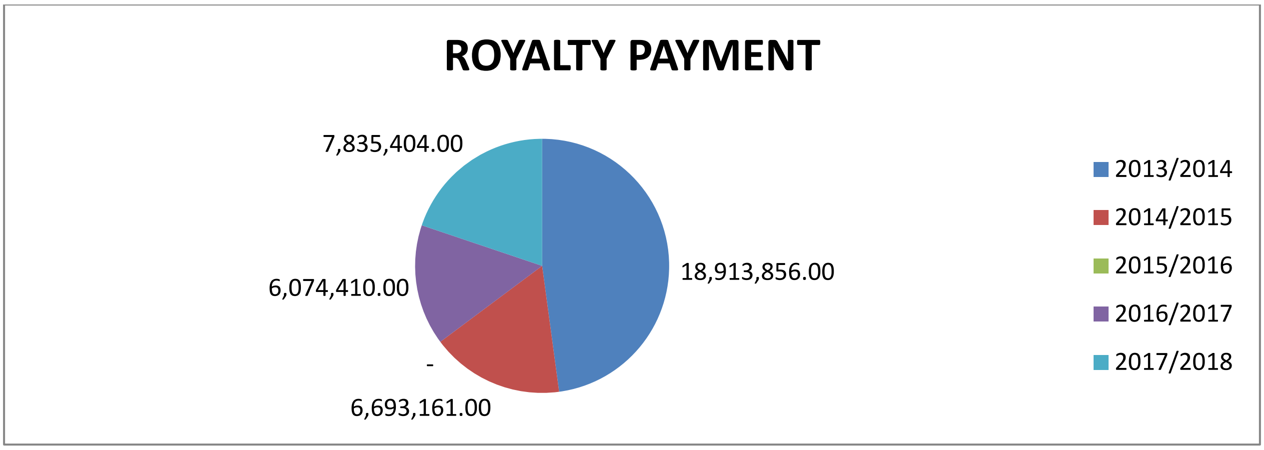
(1) Iron ore. 4.5 percent.

(2) Gold and other base metals 3 percent.

(3) Commercial diamonds 5 percent.”

Prior to the outbreak of COVID-19, royalty received by GOL was as high as US$ 18,913,856.00 million in 2013/2014 and as low as US$ 6,074,410 million in 2016/2017. The graph below shows royalty received by GOL from the extractive sector for a four-year period.

Figure 3: *Royalties received by Government from the extractive sector*



Source: *Liberia Extractive Industries Transparency Initiative (LEITI) EITI Report 2014- 2018 (missing data for 2015/2016)*

With low demands for these commodities on the global market as a result of COVID-19 , export from Liberia is projected to reduce thus affecting royalty payment. The resulting effect is that government revenue will decrease further and key developmental initiatives will be affected.

Affected communities have, before COVID-19, been questioning the government's failure to remit CSDF received from concessions for social development. For example, over the last two years, the government of Liberia has failed to remit to local authorities in Nimba County over US$ 3 million received from Arcelor Mittal Liberia. Speaking to one of the leading NGOs advocacy groups in this area, the Institute for Research and Democratic Development (IREDD), its project manager, Mr. Prince Gaye, stated that "coronavirus only makes it much more difficult for communities to access their rightful benefits from companies. For one, these high-profile managers have all left the country and the persons in charge are in no positions to tell us over the last year of coronavirus whether they have paid the required social benefit or whether because of coronavirus there is a diminution in the amount to be paid."

The environment it must be said, is one of the areas that seems to have benefitted from the COVID pandemic. As companies have slowed down production, the felling of trees has decreased thereby reducing deforestation. Residents do not report an increase in poor water quality although they are still skeptical about local water supply from creeks. "The white people are not here any longer and the dirty waters are gone" reports one respondent in the town of Seywehta, Bong County. The town had suffered large cyanide spillage in 2018 as a result of the release of approximately 3 million gallons of diverse toxic chemicals in the community by MNG GOLD, a Turkish mining company operating in the community. Another resident however said, they had been cautioned by the EPA and the NBC to avoid consuming water from the creek however clean it may look at the moment.

5.4 Impact on the Governance Sector

Natural resource governance has long been an issue of contention in Liberia with strong civil society advocacy calling for better management of the sector including removal of secrecy around concession negotiations, better adherence and monitoring of contract terms and overall, management of the sector in ways that benefit the general population (International-Alert, 2014).

COVID-19 's impact on the natural resource governance sector in terms of its effect on contract terms, renegotiations and suspension have been minimal. Up to present, aside from redundancy measures, no concession has announced that it would fail on its contract terms due to COVID-19. So far, the major impact the virus has had on limiting contract negotiation is in the oil & gas sector. In April 2020, the Liberia Petroleum Regulatory Authority (LPRA) announced the opening of bid rounds for what it termed the "highly prospective Harper Basin." In November of the same year, it announced in a press release that it was suspending all negotiations due to COVID-19.

Overall, citizens have reported that the government is sending out mixed messages on the virus. On the one hand, health authorities have asked citizens to continue to wear masks in public, avoid crowded places and continue social distancing measures. On the other hand, large political rallies have been called by the governing coalition with almost no COVID-19 protocols being observed. The government recently organized a "county meet" with over 30,000 spectators seen at the sports stadium almost every day of the tournament. Ministers and officials including the president are regularly seen in public without mask or other adherence to COVID-19 protection protocols. These acts by government, wittingly or unwittingly, may remind a portion of the populace of the same mixed messages sent by the government during the Ebola outbreak of 2014 that lead to the deaths of nearly 10,000 Liberians.

5.5 Impact on strategic policy on the role of extractives in development

Long before COVID-19, the government of Liberia realizing its dependence on taxes in the natural resources sector and the volatility of the sector to the boom and bust in world markets, developed the Domestic Resource Mobilization Policy (DRM) in support of its Pro Poor Agenda for Prosperity and Development (PAPD) with strategic reform putting "more focused excise taxes, rationalization of tax exemptions, and improved tax administration." COVID-19 has only heightened the rollout of the policy.

The Liberia Revenue Authority has, during this period, focus on harmonization of tax incentives across the sector. That is, similarly situated concessions, when the process is finalized, will not face different contract terms and incentives such as tax breaks. The DRM policy is expected to contribute to increased tax revenue for use in development programs.

5.6 Gender dimension

COVID-19 impacted people across the country in different ways. In mining communities assessed women, men, older people, girls and boys and people living with disabilities were all affected in many different ways. Interviews with community leaders and women at Kenjor, Grand Cape Mount County and in Fuamah, Bong Mines in Bong County tell a grim story on how women, girls and people with disability were profoundly and disproportionately affected by lockdown measures imposed as a result of COVID-19 . Both large scale mining activities by multinational corporations and artisanal mining create livelihood for many women and vulnerable groups living in and around affected communities. Many of them are engaged in commerce and survive on a day-by-day basis. Majority of them travel to Monrovia and neighboring districts and towns for market and supplies that are needed in these communities and mining sites but as a result of the travel restrictions they were not able to travel for goods. Lockdown measures meant loss of income and livelihood which created vulnerability for them as they were not able to take care of themselves and their children. A Partnership for Evidence-Based Response to COVID-19 (PREC) August 2020 research report on public health and social measures in Liberia shows that more than three out of 4 respondents have lost income since last year and less than 10% received government support. This is evident by the share of the number of people particularly women and vulnerable groups in mining affected communities who have lost income as a result of the pandemic. Unlike the Ebola Virus Disease outbreak in 2014, much of the private sector support was channeled through the COVID-19 task force, unfortunately, there has been little transparency and disclosure on what and how much the government received from private donations. While there has been much talk about second wave, not much has come from the government in terms of its national preparedness to address any eventuality in the case of a second outbreak. On the other hand, the government is moving ahead with its national vaccination from its 250,000 vaccines received from the COVAX Program amidst huge public misconception about the Astrazeneca vaccine.

Due to the harsh economic conditions, many women and girls say they were forced into sex trade to sustain themselves and their families. Even though the extractive industries were categorized as essential services, for the purpose of reducing the risk of COVID-19 transmission, companies reduced their non-essential workers thereby affecting many of those that were recruited in around affected mining communities. As caregivers in many households the lockdown measures with closure of schools brought additional burden on many women. In addition to the challenge of lost income as a result of companies scaling down non-essential workers, isolation at homes disproportionately affected women and children. Women and girls complained of being subjected to varying abuses including rape and physical violence.

The assessment also pointed to the fact many women had already lost their land as a result of the mining operations in Kenjor and Fuamah. According to community leaders, noting that compensations promised by government and the companies have failed to come through and the COVID-19 have worsened their economic conditions. Many of these women who have lost their lands due to commercial mining activities are predominantly responsible for the health and education of their children. The Government of Liberia through the national legislature approved a $25 million stimulus package spending to reduce the shock and impact of corona virus. Unfortunately, COVID-19 assistance program was not felt in many of these mining affected communities. A new Afrobarometer survey in Liberia shows that even though majority say the government is doing well in managing the response to the pandemic and keeping the public informed, the most vulnerable citizens were least likely to benefit from relief assistance, and a majority of citizens believe the relief assistance was distributed unfairly.

Even as lockdown measures are over, many families, women and men have lost their livelihoods and are not able to operate the same businesses they used to before COVID-19. This is because during the prolonged lockdown, the little savings and business capital they had have been used for food thereby putting many people, particularly women out of business. There is no immediate policy action or measures by the government to address the economic impact of COVID-19. This could further push many low-income families, women and girls into abject poverty and increasing their vulnerability.

6.0 MITIGATION MEASURES

6.1 Specific Measures to mitigate the impact of the pandemic

Liberia was among the first few countries that started taking measures to prevent the spread of the virus and to mitigate its impact when it first broke out in China. As early as January 2020 when there wasn't even a case reported yet, the government began encouraging people to avoid crowded places and to monitor any symptoms related to COVID-19. People were encouraged to regularly wash their hands and the governments setup a screening process at the Roberts International Airport. Travelers coming from affected countries were required to self-quarantine for fourteen days (14) at hotels including the Palm Spring Hotel in Congo Town. Subsequently, travelers coming in the country were sent to the Coast Guard Base on Bushrod Island for quarantine.

In order to mitigate the impact of these measures on the economy, health, social services and education, the government approved US$ 35.77 Million spread over different program activities. The table below shows government appropriation toward mitigating the impact of the virus.

Table 8: *Budgetary allocation toward mitigating COVID-19*

Activity Funded	Amount (USD)	Description/Purpose
Food relief	25 Million (2020)	Feeding vulnerable Liberians in affected areas
Electricity support	1 Million (2020)	Paying electricity bills of households in affected areas.
Water support	1 Million (2020)	Paying the water bills of households in affected areas.
Market traders support	2 million (2020) 2 million (2021)	Helping vulnerable businesses that have been unable to trade
Health response	2.27 Million (2020 1.5 Million (2021)	Funds for medical equipment, supplies and emergency response
Liberia airport authority	1.5 Million	Supporting airport workers.
Security support	500,000 (2020) 500,000 (2021)	Security operations to enforce public health law

Source: *Citizens Guide to the Draft National Budget Fiscal Year 2020/2021*

6.2 The Natural Resource Sector & the Business Environment

Despite, COVID-19 's impact on the natural resources sector including lowering of productive output in the sector, the government is yet, to put in place measures to mitigate the impact of COVID-19 on the sector. This is perhaps out of a sense that providing tax breaks and other incentives for concessions would further reduce an already declining tax base. It has however, announced by Executive Order, the waiver of surface rental fees for encumbered land held by concessionaires.

The government has also taken some steps to mitigate the impact of COVID-19 on the general business environment. As part of a stimulus package, the government initiated a US$ 2million loan repayment scheme to help vulnerable businesses especially those of small traders and women although petty traders have said the policy is in name only and one can hardly find a business person who has benefitted from the program. A high-ranking officer of the Liberia Marketing Association, responding to the questionnaire said, "until we can benefit from the programme, we have nothing to say." The government has also initiated mechanism for the granting of relief from assessments of penalties and interests related to real estate taxes, custom duties and related levies; removed requirement for seeking import permit declaration before importing goods into the country and, set in place regulation for the protection of domestic manufacturing and production. As these measures have just been promulgated over the last month, little on their impact can be assessed at the moment.

6.3 External Development Financing

In addition to government appropriation, other bilateral and multilateral organizations have supported the government to help mitigate the impact of COVID-19. The table and graph below show funding provided or committed by bilateral and multilateral organizations to fund COVID-19 activities.

Table 9: *Funds from Development Partners*

Organization	Amount (USD)	Purpose/Description of Funding
World Bank	17 Million	World Bank off-budget support reallocates funds from existing projects to healthcare workers, medical supplies and logistics with ongoing discussions on FY2021 support.
European Union	15 Million	EU to provide almost $15 million from both pre-COVID-19 budget support and reallocations.
International Monetary Fund	49 Million	IMF to provide debt relief under their Catastrophe Containment and Relief Trust with ongoing negotiations for further support in FY2021
African Development Bank	20 Million	AfDB off-budget support goes towards food security and nutritional programmes with additional support being negotiated for FY2021
United States Aid for International Development	2 Million	USAID off-budget support will go towards contract trace, case management, logistics and supplies, public awareness and agricultural interventions and additional support is being negotiated for FY2021

Source: *Citizens Guide to the Draft National Budget Fiscal Year 2020/2021*

7.0 RESEARCHER'S REFLECTION

Ebola Virus Disease (EBD) in 2014 and Coronavirus in 2019 offers opportunity for deeper reflection on extractive sector governance in Liberia. Our over reliance on primary commodity export for well over 70 years without value addition and successive waves of health pandemics in recent times and their impact on extractive sector as well as the political and socio-economy of our nations underscore the need for deeper reflection on the weaknesses within our tax, legal and regulatory frameworks that cushion resource hemorrhage from the extractive sector. Beyond the challenges identified, in this study, I wish to reflect on few areas in our concession agreement the need attention. According to the

LEITI, the Liberian government relies too heavily on figures reported by iron ore investors. It is about time now for us to conduct independent assessments of revenues that should be generated from mining operations. Similarly, the legislative review process requires major reforms, especially the need to improve consultations with communities that are affected by extractive activities.

Particular aspects to consider from the China Union Mining Company with respect to future revisions of this contract should include:

A) Initiation of study: The initiation and control of this study should be in the hands of an impartial body. The Agreement makes this clear by providing that it be placed in the hands of an internationally recognized engineering consulting firm that is independent of Concessionaire's interests. However, the firm is to be appointed and paid for by the Concessionaire [sec 5(2) (a)]. This builds in a potential for bias. The fear is that "The credibility of independent assessors has been challenged when the company pays for their work". It could lead to a conflict of interest whereby the people paying for the study have a strong stake in its outcome.

B) Conduct of Study: The feasibility study is to be prepared by a consulting firm [sec 5.2 a] (independent expert). This study will focus on "efficient and economic operations (other than Exploration)." However, three important components of the feasibility study are to be carried out by the Concessionaire itself: the environmental impact assessment (EIA) [sec 5.2(b-d) and 5.3], the social impact assessment (SIA) and the social action plan, (SAP) [sec 5.4 a].

This creates a situation in which, although the independent expert is ultimately responsible for approving the plan, they do not necessarily have control over the content of the EIA, SIA and SAP. Furthermore, the point at which the independent expert considers the EIA, SIA and SAP for approval comes quite late in the process, raising questions as to whether they would really have the scope to overturn any serious deficiencies in the studies and action plans. An additional concern is the fact that Liberia does not yet have laws setting out the standards to which SIAs and SAPs (nor skills and technology development plans, another requirement of the feasibility study) should be conducted.

C) Local consultation: It is essential that local consultation be meaningful and conducted on a non-discriminatory basis. It is not clear that hearings in Monrovia and Gbarnga [sec S. 5.4 c.], will suffice. It is important that the views of the most negative persons be considered as part of this process. This should encompass those who live too far away to participate, or those who cannot afford missing several days at work to participate or cannot afford to travel. D) Ministerial approval of feasibility study and granting of mining license: provision 5.7(b) implies that the Minister has the discretion to refuse to approve the feasibility study if he can give adequate reasons. However according to provision 5.7(d) once a feasibility study is approved the Minister must grant the mining license. This may prevent the Minister from taking into account issues such as intense local opposition that arises after the study has been completed or legitimate concerns with the company's proposed activities. The court or the Liberian Parliament can intervene.

D) No human rights impact assessment: This is distinct from the social impact assessment provided for, in that it requires the Concessionaire to examine the background human rights situation in the country. It can identify potential cases in which the Concessionaire's activities might make it complicit with human rights violations, which originate with the state. It would also identify situations in which the concessionaire's own conduct could directly cause damage that could trigger demands on the state that it takes action on human rights grounds.

E) Action plans and potential weaknesses in commitments: The formulation of environmental management plans; social action plans and skills and technology development plan are subject to the proviso that they may be modified or nullified if the parties agree to this in writing. [Sec 5/6 (a)]. This has the potential to seriously undermine the strength of these measures, to the detriment of local populations.

F) No increased financial obligations for social action plan (SAP) and skills and technology development plan (STDP) There is a serious limitation in sec 5.6 (a) to the effect that any amendment of these plans cannot carry any increased financial obligation on the Concessionaire without its prior consent. Liberia may wish to insist on a revision, especially of the social action plan, in the light of new international obligations on the state that may arise. Fiscal stabilization and offence to democratic principles provision 14.4 is a fiscal stabilization clause in sec 17 and gives rise to taxation by contract rather than by legislation. This is fundamentally contrary to the democratic principle of government accountability for taxation. This clause is profoundly unattractive in this respect and exempts the Concessionaire from any amendments to the revenue code of Liberia after the agreement is signed. The extension of these rights to associated companies in paragraph 14.5 only increases this effect, because the Concessionaire could exploit this to its advantage in the coming years. No export taxes and extraordinary restriction Section 14.3 E states that there will be no export taxes charged upon iron ore shipped during the first 25 years. This appears to be an extraordinary restriction upon the future taxation possibility arising from this contract and assumes that all taxes can be collected through royalties and profit taxes, which the experience of some other states has shown not to be the case.

8.0 CONCLUSION

This paper has presented that COVID-19 's outbreak in Liberia has had a negative impact on the natural resources sector although the price of iron ore in particular has remained steady on the world market. Already in decline in 2019, real GDP growth was -2.5% in 2020 although in 2021, it is expected to have positive growth. Nominal GDP fell from US$ 3.146 billion in 2019 to US$ 3.070 billion in 2020. Manning in panning fell from 13.3% in 2019 to 9.7% in 2020. Other areas adversely impacted by COVID-19 are employment and illicit financial flows.

Year on year output volume in gold, diamond, iron ore and sawn timber declined on average, declining in 2020 compared with the same period in 2019. This decline in economic output has adversely impacted on government revenue and its ability to provide basic social services such as adequate health care, schools and infrastructure for citizens. To mitigate the impact of COVID-19, the government has put in place minimum measures to spur economic growth including repayment of small business loans, waiver of custom duties and real estate taxes and providing relief for concessionaires by waiver of surface rental fees on encumbered lands.

Whilst these are small steps in the right direction, the government must take advantage of the opportunity presented by the availability of vaccines to inoculate citizens against COVID-19. This way, normal economic activities can resume around the country paving the way for the proper rollout of her Domestic Resource Mobilization strategy towards increasing the tax base and improving revenue collection for better delivery of basic social services.

9.0 RECOMMENDATIONS

9.1 Government

1. Rethinking Economic Sustainability during Pandemics: It is important that the government of Liberia considers holistic approaches to health incorporating the natural resources sector as strategic stakeholders especially taking into consideration how both EVD and now coronavirus have led to lockdowns in key economic enclaves thereby negatively affecting GDP and by extension, the national budget. Emerging out of COVID-19, the government must develop policies that have practical applications for sustainability within key economic enclaves for at least three to six months in case of lockdown. This may be achieved through periodic stress-tests, ensuring food and safe drinking water supplies and the development of special transport corridors during lockdowns.

2. A New Labour Regulation: Whilst the Decent Work Act addresses redundancy issues, it is mostly silent on what ensues to both the benefit of employers and employees in cases of uncertainty as those brought on by COVID-19. This regulation will ensure there is no repeat of the scramble by the Ministry of Labor to halt mass job losses at the beginning of COVID-19

3. The Creation of a National Health Fund: The government should develop a mechanism for support to a created national fund that supports health emergency funding. This fund may be supported by royalty payments from concessionaires. The fund will not only support first responders but will also support and provide a buffer for citizens who have lost their jobs during pandemic.

4. Addressing Illicit Financial Flows: We have seen in this paper that for already porous border areas, IFFs are only increased during pandemics. It is recommended that the government takes steps to consider staff working in heavily artisanal mining zones as essential workers thereby empowering them with the requisite tools to minimize smuggling.

5. Liberia should enter into an automatic information exchange tax treaties with Switzerland, United Kingdom, Luxembourg and other bilateral trading partners.
    - **a.** Strengthen the capacity of relevant state institutions and capacity to monitor and enforce compliance of contracts, laws and regulations within the extractive sector.
    - **b.** Economic stimulus package should address the impact of COVID-19 on affected communities.

9.2 Mining companies

1. Companies must consider public health essential to staff & communities: Companies operating in the natural resource sector in Liberia should make the provision of PPEs to employees and project affected communities critical to their activities during pandemics. Mining companies should also take advantage of their corporate social responsibility schemes to support local health facilities in counties where they are operating by donating basic medical supplies and medication during this pandemic to minimize the pressure on these health facilities and on the local government.

2. Water and sanitation: Companies should work along with the EPA and the Wash Commission to provide safe drinking water and hygiene services for employees and project affected communities during pandemics. Amongst these are installing social distance enabled drinking stalls and hand washing stations within community access.

3. Pandemic Provident Fund: Companies should work with employee associations to create a set-aside fund for support to employees in cases of temporary redundancy due to health pandemics.

4. Companies need to provide support services for anonymous reporting of domestic violence in project affected communities and to provide counseling, support and referral services to persons affected by domestic violence during lockdowns.

9.3 CSOs, Communities and Donors

CSOs, communities and donors are critical to both government and mining companies meeting their responsibilities. Playing advocacy roles, this three-prong stream can help in creating awareness on public health, reporting and monitoring and donors and help and supporting the National Health Fund. Aside from financial support, donors can help the national government, mining companies, CSOs and communities with technical support in public health through hands-on training and research.

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Ministry of Labour

1. Hon. Hannah N. Karbo
   Deputy Minister for Planning and Man Power Development
   Ministry of Labor

2. Atty. Welma B. Sampson
   Assistant Minister for Labor Standards
   Ministry of Labor

Firestone.

1. Christian Devine
   Factory Quality Supervisor
   Firestone Liberia

Bea Mountain Mining Corporation

1. Mr. Debar Allen
   General Manager
   Bea Mountain Mining Corporation

2. Mr. Henry Vincent
   Community Relations Superintendent-Junior Managerial Position
   BMMC

Ministry of Lands, Mines and Energy

1. Hon. Emmanuel T.T. Swen
   Assistant Minister for Mines
   Ministry of Lands, Mines and energy

Liberia Extractive Industry Transparency Initiative (LEITI)

1. Jeffery N. Yates
   Head of secretariat
   LEITI

2. Daniel B. Tipason
   Deputy Head of Secretariat
   LEITI

Environmental Protection Agency

1. John K. Jallah
   Manager
   Environmental Compliance and Enforcement

2. George Kawah
   Head of Administration

Ministry of Finance and Development Planning

1. Hon. Patience Lawson Kollie
   Assistant Minister for Administration

National Bureau of Concession

1. Mr. Nicholas Faryonbo
   Director
   Public Affairs