



ANNUAL REPORT TO KIMBERLEY PROCESS, 2011

INSTITUTIONAL FRAMEWORK

An Act amending the New and Mineral Law, Part 1, Title 23 LCLR (Liberian Code of Law Revised) was passed by the National Legislature in 2004 providing for the establishment and control of the Kimberley Process Certification Scheme for the export, import and transit of rough diamonds within the borders of Liberia. There are various Ministries and Agencies of the Liberian Government that are charged with the responsibilities of implementing the Kimberley Process. These agencies include the Ministry of Lands, Mines and Energy, Bureau of Customs, and all law enforcement agencies in Liberia. The paramount implementing agencies are as follows:

Ministry of Lands, Mines and Energy

Capitol Hill
Monrovia, Liberia

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Hon. Patrick Sendolo, Minister

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LEGAL FRAMEWORK

The Act amending the New Minerals and Mining Law, Part1, Title 23, LCLR, adding a new chapter 40, providing for the establishment of Kimberley Process Certification Scheme in Liberia, is the legal framework under which Liberia implements the Kimberley Process guidelines and regulations. This act authorizes the Minister of Lands, Mines and Energy to make regulations for the control of export, import and transit of rough diamonds within the borders of the Republic of Liberia.



ADMINISTRATIVE CHANGES

Due to administrative changes in Government, the Ministry of Lands, Mines and Energy will now have a new minister, Hon. Patrick Sendolo. He will replace Hon. Roosevelt G. Jayjay as Liberia's primary contact for the KP. Mr. Sendolo is a corporate lawyer who has worked previously in the President's office dealing with corporate matters. Also nominated to replace Hon. Walter McCarthy as Deputy Minister for Administration is Ms. Betty Lamin---Blamoh pending confirmation by the Liberian Senate. She too is a lawyer. All other previous appointments from the President's first term have retained their positions also pending confirmation. Accordingly, all KPCS issues should still be addressed to Hon. Miller with copies to Mr. Jerome P. Wotorson, Manager of the Government Diamond Office. See respective email addresses above.

ROUGH DIAMONDS EXPORTS

For this reporting period, January 1 – December 31, 2011, the Government Diamond Office processed a total of eighty---seven Kimberley Process Certificates. Total carats and dollar value registered are 39,004.11 and 15,050,951.52 respectively. See table below:

CARATS	39,004.11
EXPORT VALUE	US\$15,050,951.52
AVERAGE VALUE PER CARAT	UD\$385.88
AVERAGE MONTHLY EXPORT---WEIGHT	3,250.34
AVERAGE MONTHLY EXPORT---VALUE	US\$1,254,251.13
CERTIFICATE PROCESSED	87

IMPORTS

The Government Diamond Office (GDO) in collaboration with the Bureau of Customs is the responsible authority to regulate the export and import of rough diamonds in Liberia. For this reporting period, Liberia did record one import from Belgium. See details below:

Exporting Participant	Import Date	Carats	Value
European Community	Q3, 2011	153.23	US\$774,907.00

For the period under review, the Government Diamond Office processed eighty---seven (87) KP certificates for the export of rough diamonds with cumulative volume and dollar value at 39,004.11 carats and US\$15,050,951.52 respectively. Diamond revenue for the reporting period currently stands at US\$451,530.41.

In spite of the downturn of the global economy, the diamond industry in Liberia remained reasonably stable in terms of export value and revenue accrued. This is a strong indication that



Liberia has a fairly strong Internal Control Regime in place to capture high value diamonds that were constantly escaping the local market.

With the introduction of a parallel commodity, Liberia is reporting that the export volume for gold for 2011 is indicating a slight decline. Up to date, the gold export statistics have confirmed a total of ninety---seven (97) shipments with corresponding weight and export value of 13,231.74 ounces of un---refined gold and US\$15,633,503.58 respectively. With the adjustment from 2% to 3% of the export royalty rate this reporting year, the accrued revenue from the export of gold is currently standing at four hundred seventy---one thousand seven hundred twenty---six dollars and sixty---seven cents (\$471,726.76).

Accordingly, the total revenue realized from the Precious Minerals export market in Liberia is currently over nine hundred thousand dollars (\$923,257.08).

TECHNICAL ASSISTANCE

The Government Diamond Office has received a number of motor bikes, GPS and high frequency radios from USAID through the PRADD pilot project designed to enhance Liberia's compliance with the Kimberley Process Certification Scheme. Also included in this package was the upgrade of the National Database for rough diamonds and the agreement to renovation all the Regional Diamond Offices for the security of the HF radios. Up to date, the project has succeeded in the renovation of all ten Regional Diamond Offices operating under the Government Diamond Office.

Equally important in this technical assistance program of PRADD is an educational campaign for artisanal miners. At the conclusion of this PRADD project, Liberia will stand the chance of much better coordination with the miners with strengthened capabilities for the monitoring of minerals and mining activities.

KP REVIEW RECOMMENDATIONS:

Please find below the matrix for the KP Review recommendations and the actions taken so far by Liberia.

KP Review Recommendations

No	Recommendations	Action Plan	Status of Action Plan
1	Regular meetings of the Task Force (KP)	Proposal to convene bi---annual meetings accepted by Task Force with recommendation for DTF Technical Committee to hold weekly meetings.	Technical Committee's weekly meetings schedule is holding. The Diamond Task Force held one meeting in 2011.



2	Intensify collaboration with the LNP	Formal invitations to LNP and Bureau of Immigrations (BIN) to sit for discussions in Task Force meetings	LNP and BIN reps have been confirmed and attended last DTF meeting; Dep. Commissioner of Police, Patrick T. Sudue and Dep. Commissioner of BIN, Col. Robert W. Budy are currently sitting for LNP and BIN respectively.
3	Institute Measures to Eliminate Fake Receipts	Ministry's Internal Auditors to take verification task.	Corrected since 2009. No such incidents reported since auditors took assignment.
4	Foster public awareness of Kimberley Process	Liaise with UNMIL for use of their radio to disseminate information through talk shows, short dramas, etc. Use community radios to disseminate info in local languages	Awareness Campaigns twice annually by GDO. Just completed for FY 2010/2011; Awareness cassettes in local languages distributed in mining communities for consumption of public. Few still available at GDO for further distribution.
5	Increased Vigilance with Border Police and Customs	Seek confirmed collaboration with BIN and LNP; Decentralization of Mining Inspectorate from Monrovia to mining communities and border points	BIN and BCE reps confirmed lack of logistics to execute necessary training & monitoring; Dept. of Mines currently engaged in exercise of conducting assessment for possible placement of inspectors at strategic points.
6	Develop literature and revival of airline announcement	Re--establish contact with airlines association; billboards to be resuscitated at strategic points (ELWA Junction, Red light, Duala, RIA, Bo Waterside, etc). Mr. Rabantek to check with UNMIL for graphic design of boards.	Liberia Civil Aviation Authority made request to airlines; Additional contact thru Ministry of Transport to fast track request. No action from airlines yet; Action on billboards waiting funding.
7	Involvement of NGOs and Alluvial Miner Associations	FOMAL and the Miners Union to assist in getting their members actively involved.	Miners Union and Civil Society now actively engaged with Technical Committee and Task Force.
8	Development of local level committees	Union and FOMAL to give TC a comprehensive action plan for election of chairpersons	Miners Union is studying plans for organizing local committees with procedures for election of mining



		including guidelines, term of office, eligibility to vote, etc. Logistics/funding required	chairpersons
9	Continue outreach to communities	SAME AS # 7 ABOVE	
10	Maintain closer relationship with dealers	Invite reps of dealers and brokers to the TC and DTF meetings. KP Focal Point to follow up with Liberia Diamonds Dealers Association administration	Ongoing
11	Class C use of heavy plant clarified	Studies by Dr. Mutermeri and Jennifer this but no action yet taken on recommendations. Follow up with DMO, Dept. of Mines on status to be done by GDO Manager	Currently, the use of heavy equipment is illegal. No further action from Dept. of Mines regarding adjustment of regulations on heavy equipment use.
12	Include Birth Certificates and Passports as pre-condition to granting mining licenses	Collaborate with BIN for citizens identification; Needs a national identity cards scheme for this recommendation	BIN has been asked to study recommendation
13	Identification of illegal buyers	MLME to make final decision on re-structuring of Inspectorate in order for it to function effectively.	Creation of database of industry participants completed at the GDO
14	Incentives for Informants	Draft a letter to Dep. Min. for Revenue proposing a 25% incentive of value of commodity to the informant.	Ministry of Finance is taking the lead.
15	RDO's performance	PRADD to provide HF radios to RDOs with a base station at MLME. RO's to are to give monthly activity reports as required in their general procedure booklet	RDO's file regular production reports to the GDO; Mineral vouchers submitted to the GDO on a regular basis in support of the chain of custody regime.
16	Pictorial format of licensing procedure	Dept. of Mines to do the flow chart and pictorial to be displayed at the Bureau of Mines	GDO and Min. Morlu presented models of floor charts at TC meeting to be used as guide for the license issuing authority. Pictorial format chain of custody currently displayed at the GDO
17	Dealers licenses yet little or no export	The granting of all precious mineral trading licenses to be	Recommendation made to have trading licenses issuing authority transfer under the



		collaborated with GDO. GDO has database on broker and dealer performance. Trading associations to recommend any new applicant(s). Liberianization for brokers to be vigorously enforced.	Office of Precious Minerals which has the capacity to monitor the performance of brokers and exporters/dealers
18	GDO to provide funds to improve field logistics	GDO to include in its budget funding for logistics, awareness and ensure through MLME that the budget is approved	PRADD has donated eleven motorbikes to the GDO and the Inspectorate for the purpose of monitoring mining and trading activities
19	Lack of capacity in Diamond grading, valuation and pricing	PRADD has in its approved work plan a component to train miners in diamond grading and evaluation	PRADD is initiating action for TOT program for the benefit of the artisanal miners
20	Further training of Regional Officers	SAME AS # 18 ABOVE	
21	Institute Production Report	There must be active collaboration between Dept. of Mines which grants mining licenses and GDO which monitors production	GDO has introduced a production procedure (form) to capture some reasonable level of production
22	Absence of mining Cooperatives	MLME is discussing with CDA on the process of establishing mining cooperatives.	One Cooperative has been established
23	Enforcement of Mining Law by judicial agencies	Collaborate with Ministry of Justice for guidance	Chief Justice written to appoint Judicial Referee to adjudicate mining cases beyond MLME jurisdiction.
24	Establish full state control over mining areas	GDO to update proposal to complete the establishment of ROs in areas not yet covered.	Sinoe not yet covered; Bahn region to large for one Regional Office; Gold not being monitored. GDO has made recommendation to expand monitoring to Sinoe and to include gold mining
25	Alien or foreign support to mining claims/activities (consultations)	Industry stakeholders' discussion is important here. All supporters to miners must be identified and registered with MLME. LDDA to assist on this with their members.	No data available for supporters
26	Broker Agent issue to be re-visited	Mining regulations to be re-visited	This is now abrogated. There are no more broker agents. Only brokers and dealers trade in diamonds now.



MONTHLY DIAMOND EXPORTS--- 2011

1	MONTHS	CARATS	VALUE (US\$)	PRICE/CARAT	3% ROYALTY	QUARTERLY EXPORTS			
						QUARTERS	CARAT	VALUE (US\$)	P/CT
2	JANUARY	2,210.04	3,427,078.76	1,550.69	102,812.36				
3	FEBRUARY	2,096.51	811,684.23	387.16	24,350.53	Q1	7,512.15	5,743,822.49	764.60
4	MARCH	3,205.60	1,505,059.10	469.51	45,151.77	Q2	10,534.74	4,137,440.14	392.74
5	APRIL	558.01	197,102.01	353.22	5,913.06	HY1	18,046.89	9,881,262.63	547.53
6	MAY	4,685.70	1,483,262.11	316.55	44,497.86	Q3	15,784.41	3,882,626.22	245.98
7	JUNE	5,291.03	2,457,076.42	464.39	73,712.29	Q4	5,172.81	1,287,062.67	248.81
8	JULY	4,525.58	1,662,733.15	367.41	49,881.99	HY2	20,957.22	5,169,688.89	246.68
9	AUGUST	7,848.58	1,401,961.71	178.63	42,058.85	2011	39,004.11	15,050,951.52	385.88
10	SEPTEMBER	3,410.25	817,931.36	239.84	24,537.94				
11	OCTOBER	3,776.96	1,018,318.98	269.61	30,549.57				
12	NOVEMBER	1,094.88	217,961.69	199.07	6,538.85				
13	DECEMBER	300.97	50,782.00	168.73	1,523.46				
	TOTAL	39,004.11	15,050,951.52	385.88	451,528.55				