

## **Liberia**

### **Integrated Framework for Trade-Related Technical Assistance Diagnostic Trade Integration Study (DTIS)**

**Main Mission, November 1-16, 2007**

#### **Aide-Memoire**

1. A mission of the World Bank visited Monrovia, Liberia, November 1-16, 2007. It was led by Philip English (World Bank: Trade Coordinator for West Africa), and included a team of international and national consultant: Jean-Paul Chausse and Franklin Philips (tree crops), Michel Mueller and Jonathan Mason (mining), Andrew Singer (trade institutions and investment climate), and Dirck Stryker (macro, finance and taxation). They were joined by Jukka Tissari and Anthony Taplah (forestry) on November 15, who will continue their work for two weeks. Graeme Macfadyen (fisheries) will follow on November 25. The mission received valuable advice and support from the national focal point, Amin Modad, Ministry of Commerce and Industry. It also received essential support from the World Bank office staff (notably Emmanuel Fiadzo, Kristiina Karjanlathi and Felton Yeayen).
2. The purpose of the World Bank mission was (1) to gather information regarding the potential for trade and growth in Liberia and the constraints inhibiting this potential, (2) to identify concrete actions that should be undertaken to overcome these constraints, (3) to support integration of trade into the PRS, (4) to deepen understanding of the IF process and objectives among stakeholders, (5) to coordinate with other multilateral and bilateral agencies, and (6) to identify institutional options for implementation of the Integrated Framework (IF).
3. The mission wishes to thank the Government of Liberia (GoL), and notably the Ministry of Commerce and Industry (MCI), for their assistance and availability throughout the mission. In particular, it wishes to commend the Ministry for organizing at short notice a sensitization workshop which helped broaden understanding of the IF program. The mission also wishes to thank the numerous public officials, private business persons, and local consultants who provided their time and expertise to meet and work with the mission team.
4. The DTIS is clearly a high priority for the GoL as it prepares its Poverty Reduction Strategy. The Ministers of Finance, and of Commerce and Industry, emphasized to the mission the importance of drawing on its work to support the PRS preparations, and so a special effort was made to participate in working group meetings as well as the Economic Revitalization Committee (ERC). Numerous suggestions were provided by the mission to several of these working groups, and the team leader offered to remain engaged after the mission and to review future drafts of their papers.

5. The DTIS schedule is as follows. The consultants are expected to complete their draft reports by January 15, 2008. The Bank will seek clarifications from the authors and make minor revisions, and then submit the drafts to the GoL for comments. This is expected to take place by late February. The IF Steering Committee will be invited to review the draft reports at this time. It is proposed that a technical review workshop be held in March/April to discuss the draft reports and the proposed recommendations in order to ensure that the information and analysis are accurate, and that the priority actions are well-founded. The World Bank will then prepare a summary report incorporating all the comments received. This full report will be distributed to IF agencies/donors and reviewed internally by the World Bank following its normal procedures. The draft final report is scheduled for delivery to the Government in June/July. Further minor revisions are still possible afterward. A Validation Workshop should then be organized by the Government to obtain feedback from stakeholders and gain broad acceptance of the study's recommendations.

6. The following are some preliminary findings and suggestions of the mission:

#### Overall theme

7. Liberia enjoys a rich natural resource base which presents promising opportunities for growth in the short and medium-term. Its comparative advantage clearly lies in agriculture, fisheries, forestry and mining, and these sectors can serve as the engines of growth for the benefit of all Liberians. World prices are generally strong, investors are ready to apply their finance and know-how, and Liberians have the basic skills needed. Other countries have developed on the basis of natural resources, and Liberia can too. However, it will require the negotiation of concessions which encourage investment while securing a fair share of the rents for government, prudent management of tax revenues and royalties for the public good, an improved investment climate, and market-friendly approaches to promote employment of the poor.

#### Agriculture

8. If the well-being of the rural poor is to improve significantly, agricultural output will have to grow rapidly in the next 10-20 years. Fortunately, Liberia enjoys strong comparative advantage in three tree crops – rubber, oil palm, and cocoa. Their world market prices are also strong and expected to remain so for the foreseeable future. As a result, there is active interest among foreign investors in these two sub-sectors, and good potential to diversify into cocoa. The PRS should identify these three cash crops for priority attention (in addition to the justifiable focus on food crops).

9. All three sub-sectors face similar constraints:

- Little potential for short-term growth due to the old age of existing trees and the time required for new ones to bear fruit;
- Difficulties in obtaining access to large pieces of land for nucleus estates;
- Low capacity of smallholders, farmers' associations, and the government;
- Weak vertical and horizontal coordination of the value chains.

10. Our recommendations will emphasize the following:

For rubber and oil palm:

- Establishing a level-playing field (same fiscal, production, social, environmental requirements) for industrial estates;
- Promoting smallholder participation and agreeing on mechanisms for the provision (by industrial estates) of seedlings, inputs and advice to smallholders and for its funding;
- Facilitating negotiated/consensual access by industrial plantations to the land required for expanding planted areas;
- Preventing side-selling by out-growers under contract to other buyers;
- Agreeing on mechanisms for collective management of common goods (pricing policy, research, quality issues...).

11. And for cocoa:

- Improving the policy and regulatory framework: eliminating LPMC and creating a regulatory agency with no direct intervention in commercial activities;
- Improving market access through rehabilitation of feeder roads;
- Establishing a “fair trade” domestic marketing channel able to ensure adequate pass-through to farmers;
- Promoting competition at all levels of the marketing chain, by reducing barriers to entry, strengthening capacity, and improving access to credit;
- Increasing on-farm productivity through access to improved planting material and agricultural advice;
- Building capacity and voice of producer/producer associations.

### Mining

12. The Mittal deal is a welcome first step to relaunch this key sector. It has sent an important signal to the international private sector that Liberia is back in business. But the GoL needs to ensure that this huge project is implemented smoothly and successfully so that the message remains a positive one and others are encouraged to follow suit. It is also important to manage expectations and not overestimate its short-term impact on growth and government revenues. It will take another four years to rebuild the infrastructure, so the first ore is unlikely to be exported until the end of 2011.

13. It is important not to overlook the small-scale mining sector which employs far more Liberians than industrial mining ever will, and most of these workers are probably poor. It will also generate more growth in the short-term now that diamond exports are permitted. While the sector may seem chaotic, there are measures that can be put in place to improve productivity, incomes and working conditions.

### Forestry

14. The forestry sector has the greatest potential for growth in the short-term since the trees are already there and the ban on exports has been lifted. Private companies are poised to begin operations early in 2008, though significant exports are only likely toward the end of the year. Timber will regain its position as the first or second largest export, at least until iron ore production begins. Much work has already been done to ensure that this sector is developed on a sustainable and transparent basis. This study will not revisit the progress already made, though it will summarize it.

15. There is concern that the sector has historically generated few benefits to Liberians. Hence there is pressure to explore avenues for value-added activities which generate more jobs and incomes, and the team has been requested to make this the primary focus of the study. The forestry consultant has just started his work so it is premature to present conclusions. Our working hypothesis, however, is that the current investment climate is likely to make it difficult for the private sector to become competitive internationally in processed timber products. Liberian enterprise may need to pursue a two-stage approach which begins by supplying the local market, and later builds on this experience to enter the regional and global trade. The study will examine what government policies may be appropriate to encourage this evolution, including possible revisions to the concession agreements which have not yet been tendered. It will also explain why a ban on log exports is probably not appropriate.

16. The study will also provide an assessment of the structure, capacity and transparency of the relevant government agencies promoting and managing the wood-industry sector to identify structural and capacity constraints which need to be addressed. In addition, the potential for the export of non-wood forest products will be discussed.

### Fisheries

17. The fisheries consultant has not yet begun his work, so we can only describe the key issues to be tackled. The re-establishment of capacity to monitor and control maritime fishing operations will be an essential component. Policies must be put in place to promote a constructive co-existence of industrial and artisanal fishermen which maximizes the opportunities for participation by the poor. Options to promote processing in-country will be evaluated. The pros and cons of a Fisheries Partnership Agreement will be described and some measures will be suggested to prepare for negotiations if the GoL should decide to pursue this approach.

### Investment climate

18. A conducive investment climate begins with peace and security, sound macro-economic management, and good infrastructure. No new work was done in these areas, but the study will draw on existing work by others on the latter two. It will include some of the IFC work on import and export procedures, customs, and investment promotion, IMF work on macroeconomics and customs, and World Bank analysis on land and infrastructure.

19. *Finance*: Substantial progress has been made in the banking sector in the past few years, but much still remains to be done. Management structures are weak, margins between lending and borrowing rates are high, and real interest rates paid on savings deposits are negative. There is little penetration into rural areas, and none of the banks is particularly mandated to extend such financial services. An important issue is whether the local banks should be protected for a time from competition with stronger international banks that are seeking to establish themselves in Liberia.

20. Outside the banking sector, there is an urgent need to define clearly the legal status of microfinance institutions insofar as Central Bank of Liberia (CBL) regulation is concerned. This will permit the establishment of deposit-holding microfinance banks that can mobilize savings as well as extend credit. There are also concerns regarding the lack of regulatory authority of the CBL over some non-bank financial institutions. There is a need to develop a simplified but clear legal framework in which loan recovery can take place, including foreclosure on collateralized property in the event of default. A strategy for reaching SMEs, the missing middle between the commercial banks and microfinance, needs to be developed.

21. *Investment Incentives*: There has been progress in reducing the importance of these incentives, but they remain too discretionary, with each investment proposal having to be certified by the NIC and the Ministry of Finance. The list of eligible sectors does not include some important ones, such as finance and telecommunications, the minimum capital requirement of US\$1 million excludes most Liberian businesses, and the exemptions on the GST tax and customs duties are unnecessary and distortionary.

#### Trade policy and institutions

22. Currently there is no trade policy, and very little capacity for trade policy work. The focus of the MCI on the trade side is on the regulation of trade transactions, and the monitoring of prices in the domestic market. The Ministry of Planning, which is responsible for ECOWAS affairs, has been a little more active in following the preparation of the Common External Tariff (CET), though more needs to be done.

23. Sound trade policy requires coordination across ministries and consultation with the private sector. Mechanisms have recently been established but they are weak. The National Coordinating Committee appears to be limited to the ECOWAS CET, and dissemination of information on the potential impact has been lacking. The trade working group of the Liberian Better Business Forum has not begun to meet regularly. The Economic Revitalization Committee (ERC) covers a wide range of trade-related topics, but is not specifically devoted to trade. The IF does not yet have a steering committee.

24. The number of trade policy issues facing the GoL, and it will need to focus on top priorities given its capacity constraints. The most pressing need is probably the negotiation and implementation of the ECOWAS CET, which was originally to be adopted by the end of 2007. Agreement is needed among Liberian stakeholders on the Type B exceptions that the GoL will try to negotiate at the regional level. A

harmonization plan is needed to bring the existing tariff regime in line with the CET, taking into account the implications for revenues, consumers, and industrial competitiveness.

25. The next priority should be the negotiations with the EC for an Economic Partnership Agreement (EPA). If adopted, this will have a greater impact than the CET, but it is still not clear whether an alternative arrangement will finally emerge. AGOA has limited potential, as the tariff preferences offered are generally small, and do not offset the main constraint of the weak competitiveness of Liberian products. WTO accession will be a long-term process that will severely tax the resources of the GoL if actively pursued in the immediate future. Institutional reforms and capacity-building will be necessary first.

26. The MCI needs an institutional review to guide its reorientation from the current focus on controls to one of policy formulation. Significant resources are being devoted to tasks of limited value, such as price monitoring and import and export permit declarations. Staff currently involved in these activities should probably be retrained and reassigned.

27. The restructuring process appears to be under way in the Department of Standards, and the elements of a road map are emerging. The initial focus on food safety, through microbiology and chemical analysis, is correct. The next priority should be weights and measures. Private sector labs and regional cooperation will be important to supplement the limited public sector capacity. There is unlikely to be a significant role for the proposed Bureau of Standards for the major agricultural, forestry or mining exports. However, some public sector capacity will be needed to support improved quality in cocoa, and to meet EU standards on fish once those exports begin.

#### DTIS Follow-up

28. It is important to finalize the institutional mechanisms usually required for the IF, notably the establishment of a steering committee and the identification of a lead donor. The mission met twice with the ERC, which is critical for informing the new PRS. However, it is not clear whether this is the appropriate structure to serve as a steering committee. Other options include the National Coordinating Committee for ECOWAS, and the trade working group of the Liberian Better Business Forum. Whichever structure is employed, it must ensure participation from a cross-section of key ministries and agencies, as well as the private sector.

29. The Enhanced Integrated Framework (EIF) is expected to be launched early in 2008. At that time, funds will be available for the creation of a full implementation unit under Tier 1. It would be a good idea to formulate a proposal in advance, which is ready for submission as soon as the EIF is functional. Funding from Tier 2 for follow-up technical assistance, feasibility studies, or small pilot projects will have to wait for validation of the DTIS Action Matrix. This funding will provide a significant base for launching implementation, while additional funding for larger projects is sought from the regular development partners.

Monrovia, November 15, 2007

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### **Annex A: Agricultural Exports**

**1. Importance of agriculture.** Doubling per-capita incomes within the next ten years will require an average annual growth rate of close to 10% p.a. With 50% of the country's GDP currently coming from agriculture, achieving this objective will not be possible without strong growth in this sector. Strong agricultural growth may be achievable during the early stages of the country's reconstruction efforts, in particular because of a strong supply response in the food crop sector (with the resettlement on their farms of rural populations displaced by the war). In the medium-term however, domestic demand (essentially for food crops, livestock products and fish) is likely to settle at slightly more than population growth rate (3-4% p.a.). Achieving high growth will only be achievable through strong growth of agricultural exports.

**2. Importance of tree crops.** Liberia's tree crop sector offers considerable growth potential. It represents about half of total Agricultural GDP (about 25% of the country's total GDP). Growth in the tree crop sector would also create substantial employment and income as it is estimated that more than half of agricultural households (i.e. 20% of the country's total population) may currently be directly or indirectly involved in tree crop production and in related down-stream activities.

**3. Good prospects for Liberia's traditional tree crops.** Rubber, cocoa and oil palm offers good opportunities for income growth and employment generation:

- ***Good prospects on international markets.*** The medium/longer—term prospects for demand and prices on international markets are good. The continuation of high crude oil prices is likely to maintain *natural rubber* prices (strongly correlated to petroleum-derived synthetic rubber) at a high level and strong demand for vegetable oils (in particular with the emerging bio-fuel market), should also support high prices for *palm oil*. Similarly, prospects for *cocoa* are also reasonably favorable in the short to medium term, with the international market expected to show sustained (2-3%) growth.
- ***Good comparative advantage.*** Liberia has a strong agro-climatic comparative advantage for the production of rubber (higher than Southeast Asia) and oil palm. It also has a comparative advantage similar to Cote d'Ivoire's (the world largest producer) for the production of cocoa and should have no difficulty in exporting increasing volume of this product on international markets if quality and traceability issues are addressed.

**4. Common supply side constraints.** Each of the three value chains has its own specificity. But they also share some important common supply constraints:

- ***Delayed supply response.*** There may be some limited short-term supply response in tree crop production through the rehabilitation of existing plantations, in particular in the cocoa and palm oil sector (essentially driven by price incentives). However, most plantations are old and need to be replanted. New plantations will only start producing with a lag of three/four (cocoa, oil palm) to seven/eight years (rubber). In fact, in the short-term, care will be needed to prevent a decrease in production linked to the uprooting of old trees (requiring an extension of planted areas before old trees are uprooted).
- ***Access to land for industrial plantations.*** There shouldn't be any difficulty for the establishment of small (family) and medium-scale plantations on smallholders' land. However, finding large and contiguous tracts of land for the expansion of industrial rubber and oil palm plantations will become increasingly difficult. Like in other West African countries, it will require negotiations with customary land rights holders and is likely to involve the payment of adequate rent/compensation.
- ***Low capacity.*** The capacity (technical, financial, managerial) of smallholders and their associations is very low. Sustained support for access to essential services and inputs as well as for capacity-building will be required. Also, the capacity of the public sector for financial support and service delivery is very low and there will be a need to mobilize all existing capacity in the private (through out-grower schemes) and NGO sectors.
- ***Need to strengthen value chains integration.*** In all three sectors, there is a critical need for stronger vertical/horizontal coordination among stakeholders to improve (i) value chain efficiency (and thus pass-through to producers) and (ii) management of the sub-sector's common goods (pricing, research/planting material, quality, traceability...).

## **5. Rubber:**

***Strengths.*** Strong comparative advantage (agro-climatic conditions better than in South East Asia); Very good current and projected international prices and very high financial profitability/returns; Large starting production base (100,000 dry tons/year); Very strong in-country rubber experience/culture; Very strong industrial operators with ready access to markets, improved planting material and technology; Strong interest from small and medium-scale planters; Sector's capacity to self-finance development without external/public funds;

***Issues.*** Plantations in need of replanting; Long gestation period (7 years) before production and large-scale replanting implies that there will not be a significant growth in overall production before 4-6 years (2012); Expansion of industrial plantations on new land will be more difficult and involve negotiations with customary land owners; Development of smallholder production will require the efficient provision to small holders -- by industrial estates through a nucleus estate/outgrower system -- of planting

material, ag.inputs and technical advice; The nucleus estate-outgrower system (a contract farming arrangement) requires that estates can recover the cost of these services and thus that side-selling be prevented.

**Recommendations.** Government and the stakeholders need to agree on rules of the game for the management of the sector:

- Establish level-playing field (same fiscal, production, social, environmental... requirements) for industrial estates;
- Actively promote (policy decision) smallholders participation in sector's development and agree on the mechanism for the provision (by industrial estates and/or the RPAL) of seedlings, inputs and advice to smallholders and for its funding;
- Establish clear mechanisms for facilitating negotiated/consensual access by industrial plantations to the land required for expanding planted areas;
- Prevent side-selling by out-growers under contract to other buyers (export and/or processing of cups/coagulum);
- Agree on mechanisms for collective management of sector's common goods (pricing policy, research, quality issues...).

## 6. Cocoa.

**Strengths.** Real smallholder crop that doesn't require heavy up-front investments in downstream processing and offers an opportunity to diversify the productive base away from an over-dependence on rubber; Supportive international prices in the medium-term that can sustain interest from smallholders to rehabilitate/expand plantations if price incentives are improved and access to support services for on-farm productivity is provided; Possible good supply response in the short-term; Existence of specific projects (STCP);

**Issues.** Stiff competition from both rubber and mining for available land and labor; Very small starting production base (10,000 tons?) and official exports (2-3,000tons? About 50-75% of production exported through cross-border trade/Guinea) which limits economies of scale and competition; Very low quality of produce (US\$300/t discount on the international market:); Lack of access to planting material and advisory services (STCP and a few NGOs); Extremely low farm-gate prices (25-35% of fob, among the lowest in the world) due to (i) high transportation costs linked to a degraded transport infrastructure, in particular at the level of feeder/village access roads; (ii) very high transaction costs due to small and scattered production and lack of producer associations for upstream bulking of produce; but mostly (iii) a highly inefficient and monopolistic/rent seeking marketing system that doesn't transmit the right incentives to farmers.

**Recommendations.** Sector will not develop through just "market forces". Need for sustained and coordinated Government support to jump-start development through a specific program that will:

- Immediately improve the policy and regulatory framework: eliminate LPMC and create a regulatory agency with no direct intervention in commercial activities;

- Improve market access through rehabilitation of feeder roads in main producing areas;
- Establish a “fair trade” domestic marketing channel able to ensure adequate pass-through to farmers (with a clear exit strategy when marketing system has developed and has become reasonably efficient);
- Promote competition at all levels of the marketing chain, in particular by reducing barriers to entry, strengthening capacity, improving access to credit...;
- Increase on-farm productivity through access to improved planting material and agricultural advice;
- Build capacity and voice of producer/producer associations.

## 7. Oil palm:

**Strengths.** Good prospects on the international market. Good agro-climatic comparative advantage for oil palm production. Crop of major importance for rural populations (income and nutrition); Considerable interest from both smallholders and large investors to expand plantations/production; Active and efficient domestic marketing system.

**Issues.** Small domestic markets (40,000 tons/year) already well supplied by local production (some imports for the urban market: 3,000t?); Domestic demand will increase at not more than 3-4% per year; Main outlet for increased production will be very competitive regional and international markets; Successfully penetrating these markets which will require major improvements in productivity at farm and processing level, as well as investments in infrastructure for bulk exports (tanks...); All industrial and medium-scale plantations are very old and in immediate need of replanting (status of smallholder plantations unknown); Very low on-farm productivity (4-8 t of ffb/ha); Very low efficiency of processing (8-12% ratio) through artisanal manual extraction methods and need to introduced efficient small-scale and industrial-scale mills; Lack of access to improved planting material, inputs, credit and technical advice by smallholders.

**Recommendations.** Similar to those for rubber above:

- Establish level-playing field (same fiscal, production, social, environmental... requirements) for industrial estates;
- Actively promote (policy decision) smallholders participation in sector’s development and agree on the mechanism for the provision (by industrial estates) of seedlings, inputs and advice to smallholders and for its funding;
- Establish clear mechanisms for facilitating negotiated/consensual access by industrial plantations to the land required for expanding planted areas;
- Prevent side-selling by out-growers under contract to other buyers (export and/or processing of cups/coagulum);
- Agree on mechanisms for collective management of sector’s common goods (pricing policy, research, quality issues...).

## **Annex B: Mining Sector**

Liberia has a promising geological configuration and a style of mineralisation similar to those of neighbouring Sierra Leone, Guinea, the Ivory Coast, and Ghana. Iron ore, alluvial diamond and gold are the foremost economic mineral resources. The country must however be considered as widely unexplored. In addition a wide variety of other valuable minerals have been located including Bauxite, Manganese, Phosphate, and Columbite-Tantalum (Coltan).

The Liberian iron ore industry was at one stage one of the most important producers and exporters of iron ore in the world. But three important iron ore mines had to cease production before the civil unrest due to the exhaustion of their high-grade ore reserves and the low iron prices prevailing at that time (Mt. Nimba, Mano River, and Bomi Hills). The Bong Mine was implementing a modernisation and rehabilitation programme financed by the EU Sysmin facility in the amount of US\$ 60 million when it was forced to close due to the civil war. All mining facilities were destroyed and looted during the wartime.

However, considerable low-grade iron reserves still exist at the four abandoned mines and two other important iron ore deposits currently under assessment, situated in the west and the east of the country, respectively (Putu Range, Wologisi).

All iron ore deposits are located at short distance from the existing Liberian deep-sea port infrastructure which (80 –300 km) which represents a substantial transportation and port handling cost advantage (capital expenditures and operating cost) compared with competing mine projects in Senegal, Guinea, and Gabon.

In the light of high price levels for iron ore products (sinterfeed and pellets) the international iron ore industry including major companies such as Rio Tinto, CVRD, and BHP Billiton are taking interest in the re-opening of the idled mines and the development of the yet virgin deposits. The prices for iron ore are likely to rise again in 2008 by 30 – 50 %. Liberia has invited bids for the three mines and received 4 bids for the Mt. Nimba operation, 9 expressions of interest for the Bong Mine, and 14 expressions of interest for the so-called Western Cluster (Bomi Hills, Mano River, and Bea Mountains).

ArcelorMittal, the world's largest steel company, was awarded the Mt. Nimba Mine after a time consuming and controversial two-stage negotiation process in December 2006. Mt. Nimba is contractually obliged to gradually build-up production from 2010 until 2012 to a level of 15 mtpy. The company has begun hiring local and international personnel and launched its housing programme at Mt. Nimba and the port of Buchanan. Its development schedule being part of its MDA must however be considered optimistic due to the long lead time for many capital goods.

The original Mineral Development Agreement between the National Transition Government of Liberia (NTGL) and ArcelorMittal was concluded in 2005 and reviewed by the current Government's Public Procurement and Concession Commission. The

review of contracts and concessions signed by the former NTGL was justified by the exceptional circumstances surrounding the long-term civil conflict and the breakdown of the rule of law. In the opinion of the current Government many of these contracts and concessions did not meet agreeable international practice. It was declared a one-time effort and not meant to establish a precedent or legal justification for reviewing contracts by successive Liberian governments. The measure must however be considered highly arbitrary and not respecting international practice (*pacta servanda sunt*), and implies a high degree of uncertainty for the future holders of mining rights at the two other mines under tender as far as security of tenure is concerned.

The tendering procedure for the Western Cluster and the Bong Mine can exceptionally be justified as the intensive information on the deposits puts all participants of the process at a level playing field. However tendering has not been used with great success in the international minerals industry.

Because of its geological configuration Liberia is very likely to contain placer and primary deposits of gold, diamonds and probably other precious and semi-precious stones. Both gold and diamonds are at the present only mined by so-called small-scale (or artisanal) miners using only basic technical means /shovel, screens, pans). Currently the recovery of valuable attains a mere 40 % of the minerals contained in the ground. The recovery rate is very low in comparison with other countries where gold and diamonds are mined by small-scale miners. The recovery of minerals could be improved by small central treatment plants run in first phase by a suitable state agency. By leaching the ores hauled by trucks to these central plants the recovery of minerals and the income of the individual miners could very probably be doubled within short. Funds to finance this investment may available in the framework of the NIP agreement concluded by Liberia with the EU Commission and the European Investment Bank.

The regulatory framework of the mining sector has now been completed with a draft Mineral Policy of Liberia. The existing Mining Law has however to be harmonised with other laws impacting on the mining sector because of numerous contradictory clauses contained in the various laws.