

LIBERIA

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The very difficult environment Liberia finds itself in today has halted its natural propensity for economic development and growth. Following a protracted civil war instigated by Charles Taylor, an election was held in 1997 in which Mr Taylor and his NPP party won an outright majority. In spite of significant growth in the economic environment of the country during the first two years of the Taylor Presidency, his involvement in the Sierra Leone war eventually led to economic sanctions being imposed on Liberia, including UNSC sanctions. A UN arms embargo on Liberia had existed since the early 1990s, and UN Security Council Resolution 1348 extended this to the export of rough diamonds and a travel ban on members of the government. An additional embargo on timber exports entered into force on July 7, 2003.

In spite of Charles Taylor's subsequent withdrawal from direct involvement in the conflict in Sierra Leone and his democratic mandate in Liberia, the combined effects of poor governance, sanctions and funding by neighbouring countries of rebels in northern and eastern Liberia (intent on deposing President Taylor), has been that the fragile peace which existed during the period 1997-2002, is now no longer in place. In fact, the levels of mistrust built up during this period has led to increased involvement of all parties in also creating instability in the Ivory Coast and Guinea. (Actions by the UN and the UK Government have largely protected Sierra Leone from this turmoil.)

Not surprisingly, the business community, including many international companies are concerned about the political and security atmosphere in Liberia and many have withdrawn until the situation improves. Consequently, what used to be a vibrant economy, if not one of the strongest in West Africa, has come to a virtual standstill.

Important moves are afoot involving Liberian interests and the international community to make changes to the government in the interests of bringing the country back to the position it once held as one of the most favourable countries for investment in West Africa. To accomplish this quickly will require sympathetic US and international support.

The two main agro-industrial companies in Liberia, Firestone Plantation Co. and Liberia Agriculture Co. (LAC) are still active, but local agricultural activities have declined to critical levels and the entire country is now dependent on imports of its staple food, rice. The activities of fishery and forestry companies have also declined drastically. Under the UN embargo, exports of rough diamonds are banned, and plans to introduce diamond certification are on hold pending political change. UN timber sanctions entered into force on July 7 this year, although currently all timber production is at a standstill anyway because of the conflict. The rebel war coupled with the U.N sanctions have been blamed by the Liberian Government for the desperate situation.

The way forward

For some years now the international community, especially members of the Economic Community of West African States (Ecowas), have been engaged in trying to work out how to get order out of chaos in war-ravaged Liberia. The UN Contact Group for Liberia and the leadership of Ecowas have managed to bring together government, rebels and the various political parties, both those based in Monrovia and those based in the US, and a peace conference started on June 4, 2003 in Ghana. In spite of promises by President Taylor that he would consider stepping down if that would facilitate a peaceful transfer of power in Monrovia (as part of the concerted regime change efforts by the major powers), as of early July 2003, he has yet to do so.

President Taylor's recent indictment by a Special Court convened in Freetown, Sierra Leone, whilst attending the peace conference in Ghana, has not helped in this regard. There is considerable scepticism in Freetown and West Africa in general about the role of the Special Court in bringing peace to the region. By contrast, the Truth and Re-Conciliation Tribunal has been largely welcomed in Freetown following the success of a similar exercise in South Africa in recent years.

However, some sense of 'reality' seems eventually to have prevailed and the latest news concerns pressure building to convince President Bush that the US has more to gain (as do Liberians) by taking the lead in a widely-approved international/ African intervention/peace monitoring force. Once in Liberia, this force would negotiate the hand-over of power to an interim government. Almost every Liberian citizen is looking forward to the success of such a mission, and especially of the arrival of US forces. However the success rate for US missions in developing countries is limited, and President Bush has intimated that US forces will not become involved in Liberia whilst Charles Taylor is in the country. The suggestion that the US may provide logistical back up and support for a largely African peace-keeping force may be the better way forward.

The general and presidential elections in Liberia scheduled for October 14, 2003, may now take place under the auspices of an interim government of national unity. The agenda for change will mean, hopefully, that although there will be a delay, possibly into 2004, the elections will be extremely well-monitored by all sides of the international community and will be accepted by all, whoever wins.

Liberians are tired of war: "We want and must have peace now", they say; and let us hope it happens.

Mining

The mining sector (alluvial gold and diamonds) was its lowest ebb for many years during 2002. First, The Western Region (Cape Mount, Bomi, and Gbapolu, formerly Lower Lofa County), which supplied more than 75% of both commodities, became inaccessible owing to rebels activity. A few months later, the eastern and central regions became insecure and unsafe and, since

then, the whole of the southeastern region has become insecure and can no longer supply minerals. As a result, statistics provided by the Bureau of Mines of the Ministry of Lands, Mines and Energy, show that during the past year only two prospecting licences, 73 mining licences and seven diamond-brokerage licences were issued, plus one licence for alluvial gold prospecting, 11 for gold mining and seven for gold brokerage and dealership.

Regrettably, because of UN sanctions on diamonds exports, it is not possible to estimate diamond exports, either by quantity or value, although it is almost certainly the case that diamonds have been leaving the country by unofficial routes through neighbouring countries where certification systems are already in place.

Statistics at The Bureau of Mines indicate that only 1,285 oz, or some 39.98 kg of gold was exported, with a total appraised value of US\$317,080 and a 3% royalty charge of US\$ 9,516. These figures are the lowest for at least 50 years – gold-mining statistics at the height of the first civil crisis (1989-1996) were far better than these. The low figures cannot be attributed solely to non-viability of alluvial gold deposits and are mainly the result of large-scale mineral smuggling, a major component of the Liberian mining industry for a very long time. It is suspected that mineral exploitation and exportation are taking place behind rebel lines, hence the Bureau's figures for production and sales probably represent only a small fraction of the real level of mineral production in the country.

However, despite the prevailing problems, the mineral wealth of Liberia is substantial. The country remains largely unexplored but it has been amply shown that Liberia possesses a wide variety of minerals besides its already well-known high potential for primary and alluvial gold and diamonds. Other minerals present include beryl, tin, columbite-tantalite, phosphates, zinc, copper, lead, rare earth minerals, nickel, molybdenum, beach sand (zircon, rutile, ilmenite, and monazite), bauxite, kyanite, chromite, uranium and silica sands. All are characteristically associated with Precambrian/Proterozoic rocks which underlie most of the country. For this reason, there are still exploration companies working or maintaining their presence in the country in spite of the rebel war. There are three main participants:

- Publicly-listed Mano River Resources Inc. (TSX: MNO; AIM: MANA; www.manoriver.com) has made by far the greatest contribution to exploration in Liberia in recent years. Mano holds two Mineral Development Agreements (MDAs) with the government. The first targets a number of Archaean greenstone gold prospects in Cape Mount County and the second is focused on the company's diamondiferous kimberlite discoveries in Gbapolu (formerly Lower Lofa County). A 2,500 m diamond-drilling programme, in addition to extensive soil geochemical sampling and trenching, has already been carried out on the gold projects, and has demonstrated a resource of some 800,000 oz of gold. The company has signed an agreement with MDM of South Africa and ACA Howe of the UK to conduct a feasibility study for the rapid development of a high-grade open pit based on the

KGL deposit. There is also a concept to combine the resources at the Weaju, Gondoja and Silver Hills deposits to create a world-class resource and production unit. With regard to diamonds, Mano has signed a JV agreement with Trans Hex of South Africa for the latter to undertake bulk sampling of the six kimberlites identified by Mano in the Weasua area, most of which are diamondiferous.

- Privately-held Freedom Gold holds one MDA for a gold prospect at Bukon Jedeh in Sinoe County, where it has carried out diamond drilling with reportedly marginal results.
- Privately-held America Liberia United Mineral Co. (Am-Lib) holds one MDA for a primary gold prospect in Bong County where it intends to conduct diamond drilling. It also has two other exploration licences, one in Grand Gedeh County and the other in River Gee County where Am-Lib has just completed the first phase of a soil geochemical survey.

Liberia has a great future in terms of the development of its mineral resources once it sorts out its political problems.