

Address on
The sustainable use of Liberia's diamond resources

By

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LADIES AND GENTLEMEN:

Let me begin first of all by extending my sincere thanks and appreciation to Mr. Jack Roth, President of the Antwerp World Diamond Centre for inviting me to be one of the speakers at this very important gathering. Antwerp, as we are aware, has since the 1950s been the most important diamond trading center. It hosts approximately 2,000 registered diamond companies that create a diamond turnover of approximately 39.4 billion US\$. This represents approximately 8% of Belgium's exports, making Antwerp the number one trading place for "outside goods", i.e. diamonds that were traded outside the De Beers Sightholders. This then, is no surprise that this conference is being held in Antwerp.

I would also want to extend my thanks and appreciation to all of you who helped Liberia during the process of becoming Kimberley compliant. I want to request that you remain with us as we maintain this status.

Liberia is richly endowed with natural resources including not only diamonds, but gold, iron ore, bauxite, timber, rubber and potential offshore oil reserves as well. This high mineral wealth has played a major role in fueling conflict and has generally been a "Resource Curse". Revenues accrued from these natural resources, have been diverted and used to finance internal conflicts and incite unrest across our borders. Revenues from rough diamonds in particular, have not contributed to development goals for three key reasons: inadequate policy and legal structures; lack of good governance; and a lack of organizational structures at the grassroots. level. As a result, the country lags far behind in basic human development. This misuse of the government's resources has also resulted into the collapse of its physical and governance structures.

This overall mismanagement of our mineral revenues at the macro-level and the exploitative distribution arrangements at the local level have retarded the development

process in the country. Furthermore, it has not contributed to the alleviation of the abject poverty that continues to prevail in the mining communities and the country as a whole. The absence of a participatory local government, due to the highly centralized nature of the state, has visibly prevented local communities from benefiting from the revenues generated from mining. To ban such an inappropriate utilization of resources, the UN Security Council (UNSC) imposed sanctions on the export of Liberian rough diamonds [Res. 1343 - 2001].

However, since the signing of the Consolidated Accra Peace Accord, in August 2003, the achievement has been progressive. The recovery process is on course: ex-combatants have been disarmed and demobilized; the majority of the internally displaced people have returned to their places of origin or choice; and the entire country is today safe and accessible. After the National Elections of 2006 which ushered in the new administration which I head, progress has accelerated significantly.

A new army and security forces are under training. Growth has revealed the level of impact on poverty; sanctions have been lifted; a successful program of sound macro-economic policies and debt relief is under way with support from the Bretton Woods institutions; infrastructure is being rehabilitated; measures of good governance, including accountability and transparency are being instituted; and we have restored good relationship with all of our neighboring countries, thus setting the stage for regional cooperation and integration.

Let me be cautious by saying here that despite these positive signs of progress, much more need to be done if the peace we currently enjoy, is to be maintained.

Antwerp Diamond High Council (ADHC) responding to a request from the Sanctions Committee on Liberia worked unremittingly with the government of Liberia to help established a credible certificate of origin regime. Against this background, in April 2004, the ADHC Director of International Affairs of the Antwerp Diamond High Council and Chair of the Kimberley Process Working Group of Diamond Experts, Mr. Van Bockstael, proposed changes to the Mining Code implementing the KPCS in Liberia. This resulted in some legislative changes which were adopted and approved. In December of 2004, a template for the Liberian template for the Liberian KP Certificate was proposed by the ADHC and was approved in February 2005 by the First Kimberley Process Expert Mission to Liberia. Mr. Van Bockstael acted as Industry representative to the first and second (June 2006) Kimberley Process Expert Missions to Liberia.

The Director of the ADHC also visited Liberia in January 2006 to help the Ministry of Lands, Mines and Energy prepare for the second KP Expert Mission and at the same time conducted two seminars at the Ministry of Lands, Mines and Energy for the Association of Liberian artisanal Miners. The visit included courtesy visits to my office and that of Ambassador Alan Doss. The Antwerp Diamond High Council also promoted the implementation of part of the UNDP Diamond for Development (D4D) project for which the Belgian Government contributed 300,000 US\$.

Sanctions were lifted on the 27th of April, when Liberia attained the minimum requirements for acceptance into the Kimberley Certification Scheme. This pronouncement is a challenge for us and we are going to exert every effort to remain Kimberley compliant. We therefore need your continued assistance during the process.

Recognizing this formidable challenge, my administration in collaboration with the international partners have undertaken several pilot initiatives to integrate and compliment the KPCS so as to assist Liberia build the partnership needed to create conditions for the sustainable use of our mineral resources to overcome poverty and promote human development.

The overall objective of the pilot initiatives is to facilitate the establishment of a transparent and accountable system for the governance of the diamonds (and other minerals) revenues based on a fair and equitable distribution system. Interventions will be implemented on three levels: the macro/policy level; the grassroots/micro level; and the cross-border level.

At the local level, the aim is to induce more diamond revenues to flow back into and/or to be retained in the community. This will be achieved by supporting individuals and miners association/unions, for the reorganization and recapitalization of the mining sector, while at the same time developing local capacities at institutional (local governments) and social levels (civil society organizations and the private sector) for the management of investment funds. The local authority with the full participation of civil society will determine the development needs of the community and use the funds accordingly.

At the macro or policy level, it is important to put in place more effective and transparent legal tools for governing the mining sector and the use of its revenues. These missing legal and technical tools for the sustainable governance of the revenues from mineral resources will be developed based on lessons learned from local pilot tests. This will include the establishment of escrow accounts for future generations, independent oversight organs and mechanisms, public information institutions and transparency and accountability mechanisms, adapted to the current ongoing international initiatives including the 'Extractive Industries Transparency Initiative' and the Publish What You Pay Initiative, thus reinforcing the long-term effectiveness of the Kimberley Process.

With this administration's intention of introducing sustainable and lasting changes in the sub-sector, a bottom-up approach has been adopted, with the interventions on the ground providing the basis for revising the policy framework. This includes the revision of the legal mining framework, ideally in harmony with the three neighboring countries (Cote d'Ivoire, Guinea and Sierra Leone) focusing specifically on (i) licensing process and regulations, (ii) land use in relation to mining, (iii) decent labor in artisanal mining, (iv) environmental issues related to mining and (v) mining export taxation. In parallel, the current attribution of responsibilities between central and local authorities should be revised and harmonized, providing the local authorities with the necessary powers for governing the local aspects on mining activities.

Liberia was officially accepted as a participant in the Kimberley Process Certificate Scheme on 4th May 2007 after the United Nations Security Council on April 27, 2007 lifted its sanctions on the export of Liberian rough diamonds. The country was then subsequently admitted as a member of the Working Group of Alluvial and Artisanal Miners during the KPCS Intercessional Conference in Brussel, Belgium, June 12-14, 2007.

In late 2007, a consignment of KP Certificates arrived in Monrovia and the self-imposed moratorium on alluvial mining activities was lifted on JULY 26, 2007, Liberia's Independence Day. The first parcel of diamonds valued at over US\$200,000 bearing the first Liberian KP Certificate was exported to Israel in early September 2007 after the all KP requirements were fulfilled and the requisite taxes paid into Government revenue.

The Government is now in the process of clearing all stocks of diamonds acquired during the period when the present KPCS required international controls were not in existence.

One of my purposes of being here is to show to the world diamond business that Liberia is the latest diamond producer that has become a respectable Kimberley Process Participant deserving a good hard look as a stable and promising investment opportunity. In this respect, already several Antwerp based diamond companies have started to investigate establishing business relations. An exciting development may come when Belgian high-tech dragging technology will provide possibilities of off-shore coastal to deepwater diamond mining on Liberia's continental shelf. We are aware of at least one Belgian Company today that is preparing practical testing.

Let me once again say how excited I am to be here. Thank you for your assistance in making Liberia Kimberley compliant. Finally, let me say that Liberia is ready to do business with you in the diamond industry.