Peace matters:
transforming resource exploitation in Liberia and Sierra Leone
Philippe Le Billon

Resources played a significant – although often overinflated – role in the Liberian and Sierra Leonean conflicts. Not only did resources such as diamonds, timber, rubber or iron ore provide belligerents with the bulk of their finances (conflict resources), but they also provoked numerous conflicts between resource companies and local communities (resource conflicts). The long-term mismanagement of resources both reflected and contributed to weak governance and prevailing poverty that set the stage for hostilities (resource curse).

Efforts to improve natural resource governance in both Liberia and Sierra Leone have been comparatively thorough in global terms. Given their relatively small size, limited financial autonomy, and the background of their new leaders (both former international agency staff), Liberia and Sierra Leone have been perceived – at least internationally – as ‘manageable’ and ‘open’ for resource-directed interventions. This contrasts with Angola, Colombia, and the Democratic Republic of the Congo (DRC), three other countries in which resources also have played a major role in conflict, but where interventions have been more limited by political, logistical or financial factors. The Liberian and Sierra Leonian resource sectors have come to experience the whole gamut of recent interventions.

Military intervention
The first interventions to control natural resource exploitation were military. In Liberia, West African regional peacekeeping forces (ECOMOG – 1990–99) set up a military blockade to assume control of Charles Taylor’s main port in Buchanan in April 1993, from which his National Patriotic Front of Liberia (NPFL) had imported arms and exported timber, rubber and iron ore. In Sierra Leone, President Kabbah’s government procured the mercenary forces of South African private security company Executive Outcomes, in the mid-1990s to secure the major diamond mines in Kono district.

UN missions in Sierra Leone (UNAMSIL – 1999–2003) and Liberia (UNMIL – 2003–present) evaded combat operations to control resource areas and export routes. UNAMSIL was not mandated to do so, while UNMIL conservatively interpreted its mandate to “assist the transitional government in restoring proper administration of natural resources” as part of the implementation of the peace process – and the war was anyway over by the time of the UNMIL deployment.

Experiences from Liberia and Sierra Leone suggest that peacekeeping missions are not well suited to taking control of resource areas by force. Not only are they often poorly equipped and not properly mandated, but their operations have been tainted by allegations of involvement in trafficking. Claims by UNAMSIL force commander, General Vijay Jetley, against Nigerian troops led to a major political clash and withdrawal of the Indian contingent. In DRC, the relative success of UN military operations targeting mining areas under Security Council resolution 1856 have been undermined by the corruption and abusive conduct of local military counterparts.

By seizing key resource areas, military interventions carried out by mercenaries occasionally proved tactically successful, yet proved short-lived in their impact due to lack of effective demobilisation and broader peacebuilding efforts.

Both the NPFL and the rebel Revolutionary United Front in Sierra Leone lost significant portions of their income as a
result of military interventions, but the remaining diamond and timber trafficking sustained both insurgencies and enabled them to negotiate favourable peace agreements – with Taylor being elected president in 1997 and RUF leader Foday Sankoh given the chair of a new (but largely powerless) Commission for the Management of Strategic Mineral Resources, National Reconstruction and Development – a position that brought him to Freetown where he was eventually arrested in May 2000, the arrest contributing to the downfall of his movement.

Sanctions and governance intervention
Both conflicts have seen other types of intervention to curtail the exploitation and trafficking of commodities for conflict. These have proven protracted affairs. Many large-scale interventions were too slow and results have been mixed. UN Security Council sanctions were imposed on diamonds in 2000 in Sierra Leone (resolution 1306) and 2001 in Liberia (resolution 1343), nearly a decade after diamonds had started financing insurgencies. Sanctions on timber exports from Liberia remained stalled at the Security Council until finally being imposed in 2003 (resolution 1478).

As demonstrated by the relative success of the Kimberley Process in its early years, a combination of sanctions, certified international trade, and local monitoring can help a great deal in reducing the volume of ‘conflict diamonds’. But with no major diamond-financed wars today, and unwillingness on the part of many member states to broaden the definition of conflict diamonds to include human rights abuses, the Kimberley Process has been loosing steam and legitimacy, notably for lack of action in the face of massive abuses against diamond miners in Zimbabwe.

Overall, targeted sanctions against resources sustaining conflict – and, more broadly, military parties committing human rights abuses – need to be swiftly imposed and rigorously implemented.

Effective implementation of natural resource regulation mechanisms is now being sought through more stringent supply chain monitoring. This puts the onus on international importers and regional traders to demonstrate ‘due diligence’ in sourcing their resources. Businesses complicit in exploiting and laundering conflict resources have enjoyed immunity for too long, despite being well known in part due to the valuable investigative work of UN sanctions committee expert panels and non-governmental organisations (NGOs). Clearly, prosecutors in importing countries need to intervene early, something that Belgian and Dutch courts finally did by the mid-2000s. One example is Dutch timber merchant Gus van Kouwenhoven,
who was initially sentenced to eight years in prison in 2006 for breaking a UN arms embargo in Liberia and is now under re-trial.

Liberia and Sierra Leone have also seen some of the earliest and most direct forms of governance intervention. In 2005, the Liberian transitional government reluctantly agreed to demands of supervision by international donors through the Governance and Economic Management Assistance Program (GEMAP). This was extended under the government of President Ellen Johnson Sirleaf, which – along with UN expert panels and NGOs – has kept a close eye on resource sectors. GEMAP increased both donors’ and investors’ confidence while consolidating civil service capacity and processes. Welcomed by a local population distrustful of politicians, the programme was denounced by some Liberian politicians for undermining Liberian sovereignty and blurring lines of responsibility and accountability between Liberian officials and international experts.

Nothing so drastic occurred in Sierra Leone, but about $13 million in aid projects was spent on diamond management, including grassroots participation in mining governance, attempts to increase returns from tax revenues to local communities in diamonds areas, and help to train miners get better returns from mining, notably through cooperatives and diamond valuation workshops. An international ambassadorial level advisory group also worked with the Minister of Mines to supervise governance progress.

These activities contributed to peacebuilding by facilitating communication between industry, government and the population around artisanal mining and generating an albeit limited sense of empowerment among some miners and local communities. Yet they have left largely unaddressed the main source of tension around resources; those resulting from industrial ventures setting off land conflicts, competing with small-scale operations, and often resulting in unfulfilled expectations from populations witnessing major investments and vast resource extraction.

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These reforms vastly improved the regulatory context, while capacity-building efforts consolidated institutions. Yet investigations, notably by the UN expert panel group over the past five years, revealed major deficiencies in implementation, including in the awarding or renegotiation of concessions, an issue that also arose in Sierra Leone and that led many to argue for continued external supervision of resource sectors.

**Extractive Industries Transparency Initiative**

Governments in both Liberia and Sierra Leone have committed to greater resource revenue transparency through the Extractive Industries Transparency Initiative (EITI) – a international voluntary process through which governments and companies are required to publish audited revenue collection from resource sectors. By increasing transparency and thereby facilitating accountability, the EITI is expected to reduce corruption and further legitimise both governments and resource extraction companies, thereby supposedly contributing to peace.

The scheme, however, still requires strong local accountability mechanisms to be effective, including through civil society, and does not sufficiently address transparency in revenue expenditure as well as the level of taxation of resource companies.

Both countries made this commitment in 2006. By 2009 Liberia had become the second EITI Compliant Country (having completed an EITI validation) and had extended revenue transparency to timber and agricultural sectors. Strong backing from President Johnson Sirleaf has been a major factor in this outcome, but also the heavier
international presence and a greater sense of urgency in dealing with revenue mismanagement given the massive contracts at stake.

In contrast, Sierra Leone only published its first report in 2010 and was still not compliant at the time of writing of this article (the validation deadline is now December 2012). Sierra Leone’s new Mines and Minerals Act, passed in 2009, does require revenue disclosure and increased taxation. Yet the implementation of this law is patchy and some concessions were recently re-approved despite contradicting the new act. This could contribute to higher levels of corruption, or at least the perception thereof among the population, lower tax revenues over a prolonged period as a result of low tax rates, and weaker donor support – all factors that do not help to consolidate peace.

Resource contracts

Resource contract issues also differ between the two countries. Several controversial deals signed before or during the transitional government in Liberia were subsequently cancelled or thoroughly revised, including the cancellation of all logging contracts and revisions to the massive Mittal and Firestone contracts. But in Sierra Leone, most controversial contracts – primarily large-scale mining – have been left unchanged despite the promise of contractual revisions having featured prominently in the electoral campaign of the new President Ernest Bai Koroma.

More attention was devoted to improving contractual terms in Liberia by international agencies and international NGOs, as well as by domestic civil society. The same goes for revisions to logging policy, which in the eyes of former Liberian forestry officials were in fact too thorough, resulting in stalling investments.

From this perspective there should be less tension over resources in Liberia than Sierra Leone – both nationally, arising from unfair contracts and embezzled revenues, and locally, arising from tensions between resource companies and local communities. But this is not necessarily the case. There is more at stake in Liberia given the size of its mining projects, where abuses and ‘bad habits’ are also more entrenched, the capacity of bureaucracies and civil society remain low, and there is limited political will to prevent contracts flouting the law.

The importance of resource sectors will be further magnified if current oil prospecting leads to major discoveries. For now, conflicts mostly remain within the usual realm of extractive sectors, such as the impacts of mining operations on local communities, and the working conditions and pay in industrial ventures, as in the case of some workers from Mittal’s subcontractors.

Resources, conflict and response

Formalising extractive sectors in Liberia and Sierra Leone should reduce the contribution of resources to future conflicts – that is, if revenues are well managed and conflicts with local communities are prevented in a fair and effective manner. Some initiatives mentioned above have also helped to consolidate civil society movements and foster constructive debates about the environment, development and security, thereby contributing not just to greater civil society mobilisation and demands for accountability, but also to mutual understanding between communities, resource companies and government authorities.

Conflicts in Liberia and Sierra Leone have brought about greater awareness internationally of the importance of resource factors in conflicts, and have emphasised the need for swifter resource-focused interventions as well as more thorough implementation of resource-related measures.

In light of the rapid transformation of resource sectors, there is a need for greater flexibility in interventions, so that assistance addresses fast evolving resource conflicts and revenue flows – rather than either old problems that are no longer relevant, or micro-level issues that miss the ‘big picture’ [such as the industrialisation of the mining sector].

Because of the breadth of resource governance issues and the large number of stakeholders and intervening parties, close interaction is required between expert panels, UN peacekeeping missions, international NGOs and the investment community, as well as local communities, civil society and authorities; this demands specific communication channels such as local information exchange. As much information as possible about the potential impacts of resource development, including the rights of communities in resource areas, should be actively promoted locally to sensitise and empower those communities. Institutional safeguards should be put in place while civil society movements are fast growing and [hopefully benevolent] international leverage is relatively strong.

One option is to set up a ‘resource forum’ through which information about resource sectors can be circulated among stakeholders so that companies and authorities at various levels can understand and inform the views of communities and local businesses, while also serving as a consultation process so that official and corporate policies can better reflect local perspectives and respond to concerns, especially around local livelihoods and land
ownership. A resource forum can be set up even during conflict, and can consolidate demographic reach and geographical coverage as security improves and the economy recovers.

More broadly, no major contracts should be signed by transitional authorities, or at least any contracts should include clauses leaving them open to renegotiation by an elected government and when conditions ensuring a fair and representative context are met. Resource governance reforms should be discussed during both peace negotiations and electoral campaigns, so that they become part of broader societal debates rather than fall under the purview and control of elites.

There should not be an abrupt and safeguard-free changeover from transitional to elected government rule. It is important to maintain a degree of civil society and international supervision, capacity building, and accountability via formal mechanisms – if necessary through sanctions regimes.

Finally, a combination of personal backing at the highest level [the head of state] and targeted external supervision are often necessary to ensure that the self-interests of elites are kept in check and reforms get passed, at least until robust and relatively independent institutions are in place – a process that requires many years if not decades and can easily unravel.

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### Table 1: Resources, conflict and response

A number of initiatives can help address the three main types of linkage between resources and conflicts, according to the relative objectives of interventions – and understanding the (dis)continuities and overlaps between these idealised response phases

<table>
<thead>
<tr>
<th>Intervention →</th>
<th>Conflict type ↓</th>
<th>Peacemaking</th>
<th>Peacekeeping</th>
<th>Peacebuilding</th>
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</thead>
<tbody>
<tr>
<td><strong>Conflict resource</strong></td>
<td>[Resources finance belligerents]</td>
<td>Address financial interests of belligerents</td>
<td>Use peacekeepers in conjunction with sanctions and due diligence to curtail resource financing and profiteering while considering local livelihoods implications</td>
<td>Consolidate the demilitarisation of resource regions, in association with local communities</td>
</tr>
<tr>
<td><strong>Resource conflict</strong></td>
<td>[Fighting over resources]</td>
<td>Resolve resource ownership and revenue sharing issues</td>
<td>Deploy peacekeepers in resource areas to prevent human rights abuses and conflict escalation</td>
<td>Promote inclusive forms of resource ownership, control and access</td>
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<tr>
<td><strong>Resource curse</strong></td>
<td>[Resource mismanagement linked to weak governance]</td>
<td>Integrate resource governance reforms into peace agreements</td>
<td>Regulate the post-conflict ‘resource-rush’</td>
<td>Improve developmental outcomes, notably through governance reforms and capacity-building</td>
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