



# A GUIDE TO UNDERSTANDING IMPACTS ON THOSE COMMUNITIES MOST AFFECTED BY MINING IN LIBERIA

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CONTACT: ARTHUR BLUNDELL ([ablundell@forest-trends.org](mailto:ablundell@forest-trends.org))

Forest Trends, a Washington DC-based NGO, examined the local impacts caused by the mining sector on Liberia's environment, on those communities most impacted by mining, and by the Government of Liberia (GoL). This briefing describes how communities have been deprived of income, employment, and control over their resources. It is accompanied by a similar *guide to understanding mining's environmental impacts*, which covers pollution and other environmental consequences for those living near mining operations.

Unfortunately, a lack of transparency means that it is difficult to quantify most of these losses. However, Forest Trends' [Rapid Assessment of Liberia's Mining Sector](#), identified five ways in which financial promises to communities are broken, as well how their rights to own and control their land and forests are ignored.

## DATA SOURCES

The [Assessment](#) used data from the Liberia Extractive Industries Transparency Initiative (LEITI), the Forestry Development Authority (FDA), the Environmental Protection Agency (EPA), the Central Bank of Liberia, the Liberia Revenue Authority (LRA), and the Ministry of Mines & Energy (MME). Local and international news articles also informed the assessment.

## FINANCIAL LOSSES

By law, communities in mining areas are entitled to a host of financial benefits, yet appear to be losing out on millions of dollars:

### *Community Social Development Funds (SDFs)*

Under the terms of the Mineral Development Agreements (MDAs) that the largest (Class A) mines sign with the GoL, they must share benefits with those most affected by their operations. Under these terms, the companies make annual payments into special-purpose SDFs.

The [Assessment](#) calculated that by 2023, under the terms of each MDA, the Class A mining companies should have made more than US\$173 million in payments to communities but reporting by the LEITI indicates that at most US\$119 million was paid and another US\$12 million spent 'in kind.' This amount would have been even larger if all SDF payments were indexed for inflation, yet the payments of only two companies are inflation-adjusted. Likewise, it would be larger if all mining companies were required to share land rental payments with communities; currently only one company must make such payments.

But the communities are not even getting the \$119 million. Since 2012, rather than meeting the terms of the MDAs, the GoL has [required](#) all payments to "first be deposited into the County Development Fund Account." What has happened to these funds is not clear. However, the General Auditing Commission, in its most recent audit on County Development Fund spending (2021), [found](#) gross violations and lack of oversight by the Ministry of Internal Affairs, which may "lead to fraud...through the processing and disbursement of illegitimate transactions."

### *Community payments from exploration licensees*

Each year, mining companies with Exploration Licenses must spend at least 2 percent of their budgets “on the construction, maintenance or rehabilitation of schools or clinics within its license area or within other local communities affected.” There is no reporting on compliance with this legal requirement.

Furthermore, when compared to the iron ore sector, companies mining gold need pay almost nothing to affected communities. If the MDAs for gold mining companies had the same rate of social development spending as those for iron ore companies (about 5 percent of reported exports), then some US\$½ billion would have been paid to communities by now instead of only the \$200 million legally required.

### *Equity sharing with communities*

Since the Land Rights Act came into force in 2018, mining companies must give (free of charge) at least 5 percent equity to local communities. There is no reporting on compliance.

Further, the largest (Class A & B) mines, must also give the landowner right of first refusal to develop the mineral reserves on their lands. No landowner is operating such a mine.

Individuals are also entitled to payments from mining operators:

### *Access payments to landowners*

By law, mining operations must pay landowners for the use of their land. There is no reporting on compliance.

### *Compensation to Affected Individuals*

In addition, mining operations are legally required to provide prompt and adequate compensation to occupants (not just landowners) to offset the opportunity cost(s) associated with any damage, including future losses. There is no reporting on compliance.

## **PREFERENTIAL LOCAL PROCUREMENT**

Mining companies are also required to give local preference in procuring goods and services, including jobs, yet there is no reporting on compliance. The LEITI reports that in 2023 only 2,587 workers were employed in the formal mining sector (or 0.1% of Liberia’s labour pool), and that more than a quarter of Bea Mountain’s employees are foreign.

## **LOSS OF AUTONOMY**

In addition to these financial losses, communities are losing something even more valuable—their autonomy.

Although the Land Rights Law gives communities control over their customary forests, Liberia’s Constitution gives the State ownership of mining resources and gives the mining ministry the right to allocate licenses for the development of these resources. Indeed, the *Assessment* estimates that the MME has allocated licenses in almost all of the 64 areas with community forests, each of which is owned by its respective community; some 1.4 million hectares or 15 percent of Liberia.

In many cases, the MME and FDA have allocated mining and community forest licenses on the same land. The conflicts linked to this incoherent land use management is likely to grow as larger logging concessions (Forest Management Contracts), representing a further 10 percent of Liberia, revert to community control. This conflict undermines the communities’ right to self-determination.

Communities have successfully [sued](#) mining companies and the MME for encroaching on their lands. The Courts have advocated that the GoL resolve the ambiguity between government agencies before the conflict grows further.

## ENVIRONMENTAL IMPACTS

An analysis of articles on mining and forests in the Liberia media over the last seven years showed nearly a quarter of these had community concerns as the main theme, primarily the [failure](#) by the mining company to deliver on expected benefits. Other concerns include [damage](#) to roads from heavy machinery, and of course [pollution](#) of previously healthy water sources from toxic chemicals.

## SOCIAL IMPACTS

In the same analysis, most of the media articles primarily concerned with illegal mining centred on the increase in [foreign nationals](#) in the sector, particularly their link to the expansion of artisanal mining with heavy machinery. Authoritative [studies](#) from 2020 note “*there are indications of increasing levels of foreign national activity in the Liberian [artisanal mining] sector, setting the country on the same path as Ghana*”. These reports are backed by the widespread violations found during EPA’s nationwide environmental monitoring and compliance tour, [conducted](#) in May 2025. As has been widely documented, the use of migrant labour can be exploitative, undercutting local wage rates and potentially leading to social unrest. At the same time, foreign nationals have “*played a significant role in the increasing amount of illicit activity and the rise of related illicit financial flows*” according to the 2020 study.

## SUMMARY

It is impossible to identify or quantify all the impacts on communities due to the lack of reporting by the GoL and the mining companies. However, as shown in the Forest Trends’ *Rapid Assessment of Liberia’s Mining Sector*, and summarized here, what reporting there is indicates that the failure to enforce social obligations that mining companies have towards communities, combined with damage to drinking water, community infrastructure, and social relations should all be major concerns for the government and people of Liberia.

The Assessment suggests immediate steps that Liberia should take to stem financial losses and compel compliance by the mining companies. It also recommends improving planning to foster sustainable development, ensure accountability of compensation and other benefits sharing with local communities, and create a national land use plan that includes a comprehensive network of protected areas that will uphold community rights while protecting Liberia’s biodiversity and attract climate finance.

The Assessment can be found at Forest Trends website:

<https://www.forest-trends.org/publications/liberia-rapid-assessment-of-the-mining-sector/>

Forest Trends works to conserve forests and other ecosystems through the creation and wide adoption of a broad range of environmental finance, markets, and other payment and incentive mechanisms. This report was released by Forest Trends’ Forest Policy, Trade, and Finance program, which seeks to create markets for legal forest products, while supporting parallel transformations away from timber and other commodities sourced illegally and unsustainably from forest areas.

**Other publications can be found at [www.forest-trends.org](http://www.forest-trends.org).**

