

# Euro Liberia Logging Co.

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Monrovia, L I B E R I A  
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December 5, 2023

Mr. Michael Jenkins  
Forest Trends

Dear Mr. Jenkins:

Re: Liberia Forest Concession Review (Phase II) – Final Report

Many thanks for affording us (ELL) the opportunity to provide further clarifications on the comments earlier submitted in respect of the above-captioned. We do trust that you will find this sequel to our earlier Reaction/Comments of the subject informatively useful such as to make for their inclusion in the Report.

As a point of departure, we deem it imperative to clarify and place into proper perspective your intimation that Forest Trends provided ELL two (2) weeks within which to respond to its queries, but that ELL failed to do so. Further, that it was only after five (5) months that ELL submitted its Reply. ELL begs to differ as this representation, if allowed to go un rebutted, will portray the company as an irresponsible corporate citizen, which is not the case. The fact is that at all material times, ELL had seasonably responded to communications emanating from Forest Trends as amply demonstrated by the below datelines.

-On May 11<sup>th</sup> 2023 ELL had responded to the case brief that was sent by FT on April 21<sup>st</sup> 2023 by delivering physical hard copy during a scheduled bilateral meeting along with other related documents.

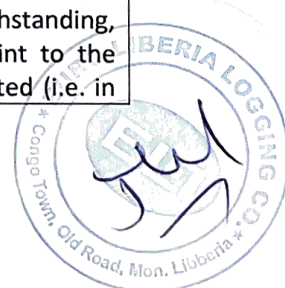
-On May 23<sup>rd</sup> 2023 ELL attended a scheduled Meeting by Forest trends at Kalabash (3<sup>rd</sup> structural meeting) where we were informed at the end of the meeting that the unofficial report (phase II) will be shared by Forest Trends to all stakeholders (ELL included) for their view comments and right to reply before finalization. Unfortunately, since then and for over 5 months ELL had been waiting and nothing was shared by Forest Trends to ELL, it was only on November 7<sup>th</sup> 2023 ELL had received by an email sent by the LibTA Secretariat (Mr. Whetherspoon) a copy of the unofficial Phase II report for our comments which we had replied to you on November 20<sup>th</sup> 2023.  
Kindly note the above for your verification and records.

Please find below ELL's Clarifications/Reply to the file attached in your mail of 27<sup>th</sup> November 2023.

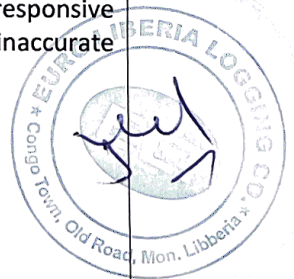
	FOREST TREND'S OBSERVATION	EURO LIBERIA LOGGING COMPANY'S CLARIFICATIONS/REPLY
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1	<p>"Euro Liberia Logging Company (hereinafter "ELL") is in full compliance with all requirements and therefore has the legal right to conduct logging activities in Liberia."</p> <p>The LFCRII has not seen evidence of full compliance. For example, ELL has not shared its 25-yr Strategic Forest Management Plan (SFMP). Moreover, as discussed below, it is clear that many of ELL's documents submitted are not in compliance with legal requirements. If ELL feels that our conclusion is erroneous, please provide full evidence of compliance.</p>	<p>Concerning the 25 YSFMP, ELL says that its current SYMP has just been Amended and approved indicating that ELL is still within the period prior to the end of which it is required to submit the said 25 SFMP which is progress. Regarding the alleged non-compliance of many of ELL's documents with legal requirement, ELL says that the above statement lacks specificity and therefore renders it unable to provide any specific evidence as to any of "... the many documents" alluded to.</p>
2	<p>"ELL has a valid, subsisting Performance Bond, a of copy of which shared with Forest Trends in response to previous queries."</p> <p>We note the 2023 performance bond. What is not clear is how ELL determined the \$250,000 level. Can you please provide documentary evidence to justify this level.</p> <p>Further, ELL's Articles of Incorporation from 2009 indicate Lamii Kpargoi as the owner, whereas the ELL Business License from 2023 indicates Italian ownership. The LEITI's FY2019 report indicates ELL ownership as Moggi Studio Gaggini (80%), Marco Braglia (10%), and Guido Monarca (10%).</p> <p>Which is correct? If there has been a change of ownership from the 2009 Articles of Incorporation please provide confirmation, including evidence that the new owners are in compliance with the necessary pre-qualification criteria and attestation by the FDA to the new corporate structure.</p>	<p>ELL says that it did not unilaterally determine the amount of the performance bond. Instead, the value of the said bond is mandated as per section 61 "d" "1" "C" of the Ten Core Regulations fumigated by FDA and which is an integral part of ELL's Concession Agreement(FMC-F).</p> <p>ELL says that since its incorporation in 2009 there has been transfer of shares of the Corporation to attract investment and hence, what is reported.</p>
3	<p>"(i)The amount of US\$10.2 Million is inaccurate. In the any event, however, ELL's arrears to GOL is currently undergoing a reconciliation exercise at</p>	<p>ELL reiterates and says that the figure of 10.2 million is being reconciled. Notwithstanding, however, ELL's preliminary figures point to the likelihood that the GoL could be indebted (i.e. in</p>

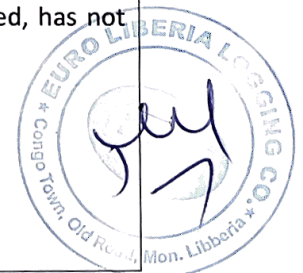


<p>the Liberia Revenue Authority (LRA) which is in the position to confirm the representation made. (ii) regarding the issue of Pre-felling requirements, ELL affirmatively states that it is in full compliance”</p> <p>(i)The \$10.2 million is based on documents provided by the GoL and SGS Libertrace. However, the report confirms that the LFCRII was unable to independently confirm any of the figures.</p> <p>What does ELL believe to be accurate? Please provide documentation to confirm this amount.</p> <p>(ii) With respect to the pre-felling requirement, LFCRII has not seen evidence of compliance. As noted above, a SFMP has not be (sic) shared with LFCRII. Likewise, no ESIA has been shared. Further, the legal requirements of the 5YFMP and the AOP do not appear to have been met. That is: with respect to the 5yMp, the minimum requirements are:</p> <ul style="list-style-type: none"> <li>o A synthesis of the SFMP’s multi-resource inventory of The 5Yfmp makes no reference to the SFMP.</li> <li>o A table of timber density, basal area, and volumes by species – There is no mention of time volumes in the 5YFMP let alone by species</li> <li>o A description of the five Annual Coupes – There are no maps of any annual coupes.</li> <li>o A schedule of activities – There is no schedule</li> <li>o Starting with the second 5YFMP an evaluation of previous 5-year harvest vs. expectations – There is no discussion of harvest levels of any previous years.</li> </ul> <p>For the Annual Operation Plan (AOP), the minimum requirements are:</p>	<p>the short position) to ELL at the conclusion of the reconciliation exercise.</p> <p>The FDA is the repository of all these documents which ELL had submitted to it and ELL supposes that had same been requested by Forest Trends from FDA, it would have been furnished. Moreover, all of the referenced documents had been uploaded by ELL in the Libertrace system ELL recalls having shared the said documents with Forest Trends under various and separate covers in both soft and hard copies at divers times.</p> <p>The 5YMPs plans were submitted to the FDA for its review and comments, if any. The review was done and the documents approved by FDA. ELL had at no time been alerted by FDA that its documents were and/or are neither responsive nor do they contain inadequate and/or inaccurate information.</p>
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	<p>o A map of cut-blocks within the Annual Coupe (scale 1/15,000 and 1/30,000) – There is a map but it appears to be at approximately 1/50,000, not 1/30,000 scale</p> <p>o Stock map (1/1,000 and 1/5,000) with 100% inventory of trees – There is no stock map.</p> <p>The text says “Euro Liberia Logging Company has conducted inventory of Annual Coupe #5 and will submit an excerpt of the results for some of the blocks it has enumerated for the 2022/2023 logging season; a full report of the total blocks will be declare (sic) in LiberTrace System by way of the creation of the Forest Resource Area.” But the AOP does not contain this information or any further information related to stocking and harvest levels.</p> <p>o A map of road network and log landings – The map included has a few roads, not no log landings.</p> <p>o Harvest forecasts and other activities. -There is no forecast (nor discussion of previous harvest levels)</p> <p>o Lessons learned from previous harvests – None are noted.</p> <p>LFCRII welcomes any further documentary evidence demonstrating compliance with any of the required documents.</p>	<p>As in the case of the 5YMPs, the AOPs were submitted to the FDA along with the maps and other required documents for its review and comments, if any. The review was done and the documents approved by FDA. ELL had at no time been alerted by FDA that its documents were or are neither responsive nor do they contain inadequate or inaccurate information.</p>
4	<p>“ELL is in full compliance with the discharge of its social and financial obligations with the affected benefits under respective Social Agreements”</p> <p>We note that the Social Agreements regarding FMC F are comprehensive (see attached). Please indicate, with evidence, all the terms that have been implemented in compliance with the requirements.</p>	<p>ELL reiterates and maintains that it is not in breach of the social agreements, their comprehensiveness notwithstanding. ELL has not been informed, or better still, it is unaware of any breach which, assuming it had occurred, has not been remedied to date.</p>



	<p>We further note that the report documents invoiced land rental payments (30% of which are to go to communities and 30% to counties) of \$16.7 million. However, the GoL indicates payments of only 39%. If these numbers are incorrect, please provide evidence for the accurate values.</p>	<p>ELL says its obligation is to make payment into Government Revenue accounts and it is the Government that is tasked with the responsibility to make the distribution and disbursement.</p>
5	<p>"ELL has a valid and current Harvesting Certificate which was awarded after meeting all the Pre-felling requirements which include the submission of the Planning Documents, namely, the Five-Year Management Plan (SYMP) and the Annual Operating Plan (AOP)."</p> <p>We note the above that both the SYMP and AOP are not in compliance. Further we note that absence of a SFMP (which is also a requirement of a Harvesting Certificate). Please explain how ELL obtained a Harvesting Certificate when the Pre-felling requirements have not been met.</p> <p>Further, as this response gives the LFCRII an opportunity to update its findings to be most accurate, please provide a current Harvesting Certificate. ELL's previous HC previous HC provided has now expired.</p>	<p>ELL says that this observation leaves much to be desired in that first, no specific non-compliance has been cited by FDA for correction before approval of the SYMP and the AOP.</p> <p>ELL's current valid Harvesting Certificate had been issued and uploaded in Libertrace System as a public document and can easily be accessed.</p>
6.	<p>"ELL has a valid Certificate which was awarded by the Environmental Protection Agency (EPA) after ELL had submitted an Environmental Impact Assessment Study (EIAS) which was duly reviewed and approved by EPA."</p> <p>As noted above, the LFCRII has not been provided evidence of compliance to justify an EPA Certificate (e.g. the absence of an EIAS). Please provide ELL's EIAS, noting how it is compliance with the regulatory/legal requirements along with all other pre-felling requirements for an EPA Certificate.</p>	<p>ELL reiterates that an EIAS study was submitted to the EPA for its review and approval prior to the issuance of the EPA Certificate. ELL considers it an attempt by Forest Trends to impose an onerous burden by requesting to delve into the internal review process at the EPA and provide evidence leading to its decision to issue an EPA Certificate. This process is verifiable by Forest Trends as for ELL to do so could smack of a self-serving undertaken.</p>



	<p>We further note that the EPA Certificate appears to be invalid in that it states the Certificate is valid for two years and yet the expiration date is three years from the issue date. As this response gives the LFCRIL an opportunity to update its findings to be most accurate, please provide a current, valid EPA Certificate.</p>	<p>ELL says that the validity of its EPA certificate is Three years as indicated on the face thereof.</p>
7	<p>"Investments made by ELL towards the wood processing facility (i.e. the Sawmill &amp; accessories) and other associated &amp; related costs, EL claim of US\$1,512,271.39 to the Forestry Development Authority (FDA) and L A for implementation via offset (credit) against ELL's arrears to GOL in keeping with the FIDER Act. The amount of US\$276,097.23 stated in the matrix ( Table 6. Financial investments in processing required by contract for each FMC. *) is a part and not the total of the investments made by ELL in the Processing facility. Concerning the current location of the sawmill, Forest Trends' team had physically seen the sawmill in our Camp Site during their inspection visit to ELL's concession area in Grand Gedeh County."</p> <p>Thank you for the clarification. We misunderstood the documentation that ELL had presented to the LFCRIL. In your documentation it appeared that you had had claimed \$2.28 million in tax credits (see cell G166 on the "breakdown" page). But from your response, it seems like ELL is only claiming \$1.5 million. However, even the \$1.5 million claim appears to include double-counting. For example, the mill charge is \$267,097.20 (cell D6), but then the claims on lines D7-9 also equal \$267,097.20. This would indicate double-counting.</p> <p>Can you please confirm the basis for the total claim amount of \$1.5 million (please provide an updated/final spreadsheet to document your claim).</p> <p>Further, why are trucks and other vehicles</p>	<p>ELL says the FIDER ACT speaks of "... all investments made... in the wood processing sector by the concessionaire..." this provision clearly encompasses all investments in the wood processing sector-- i.e. dozers, tractors, generators sheds etc... which are necessary adjuncts to the acquisition, installation, and operation of Wood processing facility. The \$1.5 million referred to concern such investments.</p>



	justified charges against taxes under FIDER when they are not being used in connection to a milling operation (as ELL claims the mill remains uninstalled)?	
8	<p>"ELL says that it is in full compliance with the Work Act – 2015."</p> <p>Please provide documentary evidence of compliance.</p>	<p>ELL says that the Ministry of Labor has deployed, not only at ELL's facility, but at the facilities of other employers, inspectors who periodically monitor Employers to ensure full compliance with every facet of the Labor Law and where violations are found, penalties are imposed and employers are urged to take immediate corrective actions. To date, ELL is under no sanctions from the Labor Ministry for any alleged violations of the Decent Work Act – 2015.</p>
9	<p>"ELL confirms that it has no arrears in respect of stumpage and/or Export to date. As a matter of fact, ELL pays all of its Stumpage and Export fees prior to any shipment."</p> <p>Please provide documentary evidence. We note that in the most recent LEITI reporting there is no evidence of any payments made by ELL.</p>	<p>ELL says that to date it has no outstanding stumpage or export invoices unpaid and this can be verified from Libertrace and FDA.</p>
10	<p>"ELL is in full compliance with declaring all payments made to GOL and the communities through LEITI, LIBERTRACE/SGS, and FDA"</p> <p>Please provide documentary evidence.</p>	<p>ELL says that Forest Trends can verify this assertion from LEITI, Libertrace/SGS, and FDA.</p>
11	<p>"ELL is in full compliance with the enumerated requirements, namely SYMP, AOP, and EIAS. It need be emphasized that ELL' current valid environmental Permit Certificate was only issued after an EIA Study had been conducted and approved."</p>	<p>ELL reiterates and confirms its response to Forest Trend's request for documentary evidence as contained in Paragraph 6 above.</p>
12	<p>"ELL is in full compliance as indicated in respect to previous Table 10 on Page 73 of the Report. It need be said that the SYMP and AOP constitute the Forest Management Plan."</p> <p>Please provide documentary evidence: see above. As noted, the SYMP and AOP</p>	<p>ELL reiterates and confirms its response to Forest Trend's request documentary evidence as contained in Paragraph 1 above.</p>





	are insufficient on their own. A SFMP is also required.	
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Kind regards,

Very truly yours,

Jihad Y. Akkari  
GENERAL MANAGER

